



# JOURNAL of the AMERICAN BANKERS ASSOCIATION

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THE ASSOCIATION

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No. 10

## COUNTER CHECKS.

**B**ANKERS should realize that counter checks to which everybody has free access are a temptation if not an invitation to crime. In New York City there are no checks on the counters of the banks, and it is impossible to get a blank check or check book unless a person is known at the bank. If the banks insist on having counter checks lying around promiscuously they should have printed in large red letters across the body of the check, "Counter Check." If the banks would co-operate in this matter, it would lessen the crimes of bogus and forged check operators to a minimum. Not alone that, it would save the depositors and merchants thousands of dollars yearly in losses, as there is no loss to the banks in connection with these checks, as the parties securing these checks in many instances use fictitious names. It would also lessen the annoyance to banks themselves, and also save a great many young men from beginning a criminal career, and eventually landing in the penitentiary. If such checks were removed from the bank counter the only way a blank check could be secured would be by calling at the teller's cage in case the party making the request did not have their check book with them.

In the JOURNAL-BULLETIN for February, 1913, there was published a photograph and article relative to a party using the name of C. Miller with various aliases. This man has operated through Connecticut, New Jersey, New York and Pennsylvania. The checks issued by him were secured from the counters of various banks that he drew on. He had his own certification stamp and operated successfully for a considerable period, and was only recently apprehended in Pennsylvania. If it had not been for counter checks this man would not have been in a position to have carried on a criminal career for the period of his operations, with the natural result that he is now in the penitentiary.

The banks on which such checks are drawn are

continually calling the attention of the Protective Department of the American Bankers Association to these bogus check operators, and think in most cases the Association should go to the expense of making an investigation with a view of apprehending such operators. As a matter of fact, the Association cannot take up cases except where its members are defrauded, or an attempt made to defraud them. It is no exaggeration to say that the banks themselves are the cause of many criminal operations. Young men are tempted to embark on a criminal career as the result of placing temptation in the form of counter checks within their easy reach. So long as counter checks are lying promiscuously on the counters of banks bogus check operators will continue to operate as in the past, with the ultimate result that eventually their operations will only stop when they have been apprehended and sentenced to prison.

## COUNCIL MEETING.

**T**HE Spring meeting of the Executive Council will be held at Briarcliff Lodge, Briarcliff Manor, New York. Committee meetings will be held on Monday, May 5th, and the two sessions of the Council on Tuesday and Wednesday.

Briarcliff Manor is thirty miles from New York City on the Hudson River. It can be reached by the Putnam Division of the New York Central or by the Main Line of the New York Central, the railroad station on the Main Line being Scarborough, and Briarcliff Lodge about a mile from that station.

There is every indication that the meeting will be, like its predecessors, successful, as the attendance will include almost every member of the Council and various Committees. As usual, ladies of the families of members of the Council will attend in large numbers, apparently more this year than at any previous meeting.

Briarcliff Lodge is most excellently adapted to these Council meetings—beautifully situated on one of the hills of the locality, with plenty of rooms for committee meetings, and a fine assembly hall for Council meetings, and is a modern up-to-date hotel, with most delightful surroundings.

THE BOSTON CONVENTION.



COPLEY SQUARE

**T**HIS panoramic view of Copley Square shows the splendid location of the headquarters of the Thirty-ninth Annual Convention of the American Bankers Association. The great gray stone building near the center is the Copley Plaza Hotel, one of the most sumptuous in the world. Here Convention Headquarters will be maintained in the State apartment on the ground floor and in the magnificent ballroom in which 1,000 persons can be accommodated. The hotel is seven stories high with 400 rooms, and dining facilities that permit serving 1,900 guests at one time.

At the extreme left of the picture is Hotel Brunswick, and next to the right is Trinity Church, one of the richest examples of ecclesiastical architecture in America. It is built of yellowish granite with brown freestone trimmings, with interior decorations by John LaFarge.

Hotel Westminster is next in the picture, and the large hotel at its right is the Copley Plaza.

It is unnecessary to say that the large building at the right facing Copley Square is the Boston Public Library. This famous structure is 225 feet long by 227 feet deep and covers an acre and a half of ground. It houses nearly 1,000,000 volumes, constituting the largest circulating and reference library in the United States. The mural decorations are world-famous.

In the rear, stand buildings of Boston University and at the extreme right is Hotel Lenox.

In Copley Square or adjoining it are the Old South Church (the home of the society that formerly worshipped in the Old South Meeting House), the main buildings of the Massachusetts Institute of Technology, the Boston Athletic Association Build-

ing, the Boston Art Club House, the Brunswick, the Victoria, the Nottingham, the Oxford, the Copley Square and other hotels.

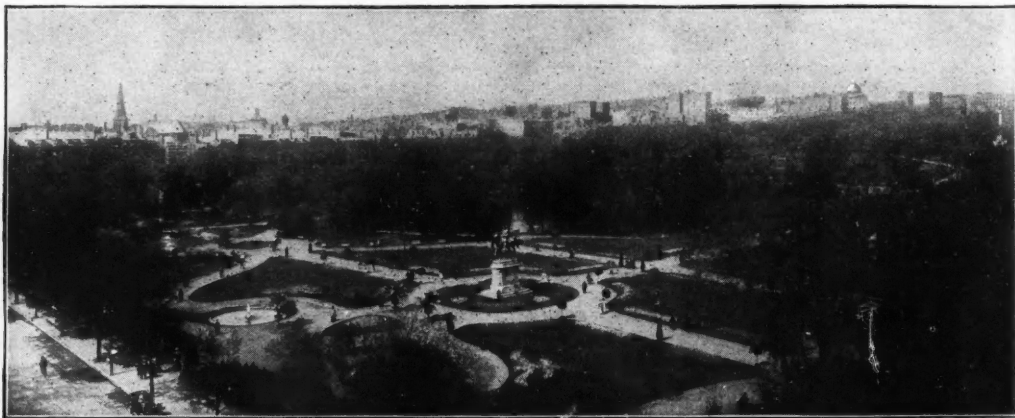
Entertainment Committee Busy.

Such entertainment as the hosts will provide has never before been planned in Boston or any other city. Nothing short of the highest quality will be considered. The tentative program plans for a grand ball on the opening night; impressive exercises and addresses commemorative of the early history of Boston in the ancient churches and in Faneuil Hall; an informal visit to Harvard with sports in the stadium; an inspection of the waterfront and harbor and one of the largest shore dinners ever known, and a special performance at the Opera House for the evening of the last day. And these are only the high spots in the entertainment program.

As to the caliber of the committee the list of names will attest:

Thomas P. Beal, Jr., Chairman, Second National Bank.

- C. W. Cole, Old Colony Trust Co.
- C. H. Dwinell, First National Bank.
- H. L. Burrage, National Shawmut Bank.
- C. B. Wiggin, American Sugar Refining Co.
- Edmund Billings, Paul Revere Trust Co.
- Arthur Adams, New England Trust Co.
- J. A. Parker, Chas. Head & Co.
- Storer Ware, Bond & Goodwin.
- Barrett Wendell, Jr., Lee, Higginson & Co.
- G. G. Bacon, Gaston, Snow & Saltonstall.
- H. J. Nichols, Swift & Co., 43 Ames Bldg.
- Frank H. Wright, Second National Bank.



PUBLIC GARDEN

A three-minute walk from Copley Square is the Public Garden, the gem of the city parks. It is 24¼ acres in extent and is beautiful at all times of the year. At the right of the background of this picture part of the Common appears. This unique municipal park of 48½ acres has been a common field for the people since 1640. Beacon Hill, famous since 1634, and the Massachusetts State House with the Bulfinch Front, erected in 1797, are in the right background. There is no more interesting place for the patriotic American.

From present indications the Convention will be very well attended, the Hotel Committee up to this time having assigned over six hundred rooms at various Boston hotels. Bankers who attend conventions regularly, realize more and more each year the importance of reserving accommodations early in the season, which is undoubtedly accountable for the large number of rooms assigned. It would be well for those who now plan to attend the Convention to make immediate application for rooms in order that the reservation of good accommodations may be assured. Applications should be made to the Chairman of the Hotel Committee, Mr. Charles P. Blinn, Jr., Vice-President, National Union Bank, Boston, Mass.

#### HOTEL ACCOMMODATIONS AT BOSTON.

THE Clearing House Association and the Associated Banks of Boston, when the organization was perfected to handle the Boston Convention, decided that it would be an advantage to all if the hotel proposition were handled by their own hotel committee. With this in view, a hotel committee was appointed and all available rooms at the hotels of Boston were turned over to this committee, and all applications for rooms in Boston hotels must be made to the local committee. This applies to the officials of this Association as well, including the Executive Council. By this method, duplication of hotel reservations will be avoided, as, in the past, very often bankers who intended to attend the national convention have engaged rooms at two or three hotels, pending a decision as to the number for whom they might wish to provide, and also pending a decision as to the hotel of which they might like to be guests.

The hotel committee have already provided for some 1,200 people, which is a record-breaker as to numbers so many months in advance of the Convention dates. Of course, with this large number, of applications already received and with applications going to Boston since last October, the Copley-Plaza Hotel, which was selected as headquarters and which is not a large hotel, was long ago filled to its capacity in providing for the early applications received. There are, however, nine good hotels within a radius of five blocks from the Copley-Plaza hotel, and with the system and method employed by the Boston Committee every applicant will be promptly provided for with good accommodations and in the order of application.

All applications for reservations of rooms should be addressed to Mr. Charles P. Blinn, Jr., Chairman of the Hotel Committee, care of National Union Bank, Boston, Massachusetts.

#### BOSTON COMMITTEES.

IN addition to the committees already announced and whose names are published on the preceding page, the following are two of the important committees, with others yet to be created:

##### Executive Committee.

- T. P. Beal, Pres., Second National Bank, Chairman.
- A. L. Ripley, V.-Pres., Merchants' National Bank.
- W. A. Gaston, Pres., National Shawmut Bank.
- D. G. Wing, Pres., First National Bank.
- Phillip Stockton, Pres., Old Colony Trust Co.
- Allan Forbes, Pres., State Street Trust Co.
- W. R. Evans, Pres., Boston Five Cents Savings Bank.

#### Publicity Committee.

- C. E. Bockus, Asst. Sec'y, Old Colony Trust Co., Chairman.
- A. B. Chapin, Vice-Pres., American Trust Co.
- B. W. Trafford, Vice-Pres., First National Bank.
- Harold Murdock, Vice-Pres., National Shawmut Bank.
- A. P. Stone, Vice-Pres., Commonwealth Trust Co.

Mr. Harry L. Ayer has been appointed Secretary to the Executive Committee and will be ex-officio a member and Secretary of all other committees; he will, consequently, be closely in touch with every phase of the Convention and its various details.

Mr. Ayer has had many years of experience in Convention work of all kinds, and a better man could not be found in the city of Boston or the surrounding country to take hold of these duties, which assures, with the able backing of the banks of Boston and the co-operation of their active officers, a most successful Convention.

Mr. Ayer can be addressed as Secretary at 70 Federal Street, Boston, Mass.

#### NATIONAL DRAINAGE CONGRESS.

THE National Drainage Congress, of which Hon. David R. Francis is President, will meet in St. Louis, Missouri, April 10-12, 1913, and, in response to a request that the American Bankers Association appoint three delegates to represent the Association at the Congress, President Huttig has named the following as delegates on behalf of the Association:

- Mr. John J. Gannon, President Hibernia National Bank, New Orleans, La.;
- Mr. George W. Rogers, Cashier Bank of Commerce, Little Rock, Ark., and
- Mr. T. O. Vinton, President Bank of Commerce and Trust Co., Memphis, Tenn.

#### APPRECIATION OF MEMBERSHIP.

THE following letter has been recently received from a new member, which is self-explanatory:

"Yours, enclosing instructions, code, etc., has been received. The metal sign, list of members, etc., has also been received, and it makes us feel good to have them. Don't know why we did not join before now. We enclose herewith receipt for the above; we wish to say also that we conduct a savings department in our bank, so you may enroll us in your Savings Bank Section."

Many letters of a similar character to the one above quoted have been received from time to time, and it is gratifying to note the high esteem in which membership in this Association is held.

At the present time there are 13,500 paid members.

#### GROUP 6, ARKANSAS ASSOCIATION.

A VERY successful meeting of Group 6 of the Arkansas Bankers' Association was held at Texarkana on March 7th. An address of welcome was delivered by Judge William Hodges to which President Thomas C. McRae, of the Bank of Prescott, responded. The annual address of Chairman Charles M. Blocker and the report of Secretary George H. Bell showed the Group to have had a very successful year. Col. Henry Exall, of Dallas, President of the Industrial Congress, was the principal speaker. In the afternoon the visitors were entertained by an automobile ride through the city and a banquet was tendered in the evening by the local bankers. Judge W. H. Arnold, a former president of the Arkansas State Bar Association, presided as toastmaster.



# TRUST COMPANY SECTION



**T**HE Executive Committee of the Section will hold its Spring meeting on May 5th next (in conjunction with the meeting of the Executive Council of the Association), at Briarcliff Lodge, Briarcliff Manor, New York. This meeting is held to consider matters of interest to the Section and its members and to make arrangements, as far as possible, for the program and other details of the next convention of the Section to be held this year at Boston, the week beginning October 6th. It is understood that the same arrangement for the Section meetings will be followed at Boston as at Detroit last year, namely, that the Section will be allowed a full day for its deliberations. Such day to be one on which the general Association is not in session. In order that all members of the Section may have an opportunity of expressing their views on matters in which they are interested, and desiring that the coming meeting shall equal if not surpass the interest of past meetings, the Secretary, by direction of Mr. Ralph W. Cutler, Chairman of the Executive Committee, has addressed a letter to each member asking their co-operation to this end. As this letter may not have been brought to the attention of those most interested, it is printed here, as follows:

#### To the Member Addressed:

The annual conventions of this Section have increased in interest and value as the members have co-operated by suggesting topics for addresses and discussion and by being represented by delegates prepared to discuss the topics proposed and selected.

While the convention will not be held until the autumn, the Executive Committee will meet on May 5th to consider matters of interest to the Section and to outline a program for the convention.

You are earnestly requested to advise me, before that meeting of any matters which you would like brought to the attention of the Committee, and particularly to make suggestions regarding the program, as to any topics which you would like to have brought up at the coming convention.

The Committee will be pleased to receive any suggestions for addresses to be delivered before the convention and for the names of those who could interest and instruct the members by preparing and delivering papers and taking part in the general discussions.

Very truly yours,

P. S. BABCOCK, Secretary.

As noted in last month's JOURNAL, preparations are being rapidly completed for the Third Annual Trust Company Banquet, to be held on May 8th next, at the Waldorf-Astoria Hotel in New York City. At this early date over 450 reservations for seats have been made, and it is confidently expected that the attendance will be larger and the banquet even more notable and successful than that of last year. While the complete list of speakers cannot yet be announced, it may be said that those who have already accepted, and those to whom invitations to make addresses have been extended, are of such national reputation as to emphasize the importance of trust companies and the national character of this banquet.

The notice regarding this banquet was sent out to all members in the early part of March, but for those who may not have had it brought to their atten-

tion, it may be stated that the cost of each seat at the dinner is \$12 and that application for seats should be made to the Secretary of the Section at 5 Nassau Street, New York City.

**T**HE Educational Publicity Campaign of the Section, to which reference has been made in the past few numbers of the JOURNAL-BULLETIN, has proved a very great success. The articles furnished from the Secretary's office have been published in many of the leading newspapers of the country and in newspapers in smaller localities. Some nineteen different articles have been printed and may be had upon application to the Secretary. It is hoped that those of our members who have not seen these articles will secure them and use their best endeavors to have them published in their local papers.

**M**EMBERSHIP in the general Association now numbers over 13,500, and in the Trust Company Section 1,325, both record marks. A vigorous campaign is being made to increase this membership at an early date to at least 14,000. The co-operation of members of this Section is asked to this end by pointing out to non-member Trust Companies of which they have knowledge the advantages gained by such membership. Literature regarding the advantages offered by membership in the Association and in the Section and membership application blanks will be furnished upon request.

#### "TRUST COMPANY FORMS."

**T**HE 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 they 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.



# SAVINGS BANK SECTION



NEW YORK'S EXAMPLE TO THE COUNTRY.

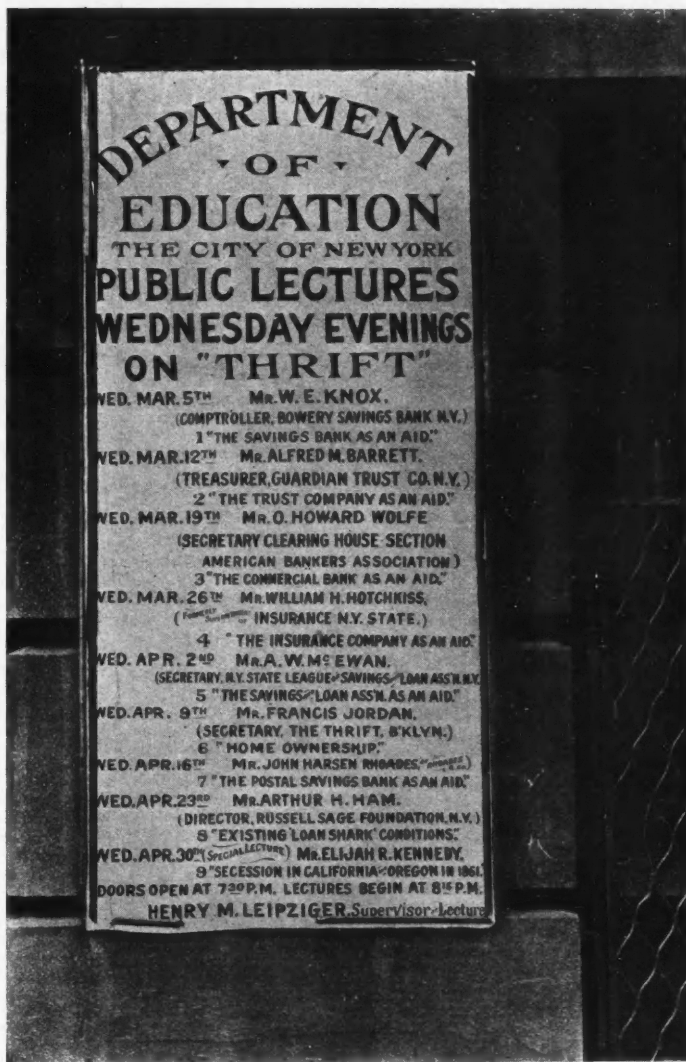


Photo by E. G. McWilliam.

Poster displayed upon walls of historic Cooper Institute advertising the Thrift course arranged through co-operation between the Board of Education of the City of New York, and the Savings Bank Section, American Bankers Association.

NEW YORK'S EXAMPLE TO THE COUNTRY.

ON the foregoing page is shown a photograph of a poster which we sincerely believe marks a new epoch in financial history—an epoch of co-operation. Co-operation has long been recognized as a solution of our most troublesome economic questions; therefore, why should not its benefits be extended to the financial institutions and their customers? In theory there is no reason why it should not, for surely bankers, insurance men and benevolent workers realize the value of intimate relations with the people; and if the people can be brought to realize the benefits of such a relationship by which all mystery would be swept away and an intelligent use made of the functions of these various institutions, the people will surely be the gainers. But there is the "rub." The people, through years of experience with institutions which have been constantly emphasizing the commercial, and benevolent institutions which have deemed it going beyond the pale of conservatism to explain what they were incorporated for, have come to regard any advances upon the part of these institutions as simply a disguised selfishness, and it will take continued effort to overcome that impression. However, it can be done, if the principal cities of the United States will follow the example of New York and induce their financial men of all classes to go to the people, talk to them publicly and answer their questions in like manner.

Nowhere can a more typical audience of "the people" be found than in Cooper Institute, New York, on Wednesday evenings at the Thrift lectures. At the first lecture there were 637 persons, at the second 572, at the third 534 and at the fourth over 500 persons were again present, of all nationalities and stations of life, yet all interested, albeit from different motives, for while many are there for information, many others are there to criticize and attack, and the speaker must be prepared to go through a series of mental gymnastics, when the questioning begins, which will tax him to the uttermost, for it is the delight of this audience to "heckle."

Mr. W. E. Knox, Comptroller Bowery Savings Bank and Chairman of our Executive Committee, handed the first lecture in a masterly way. Incredulity was evident upon many faces as he proceeded to explain the mutual savings system as legalized in New York State, and what it meant to the people, and when he had finished, a half dozen men would sometimes be on their feet at once, ready with their questions, all of which were answered courteously, despite the fact that many showed absolute antagonism. For instance, one man frankly stated that he thought it unjust to spend the people's money for such lectures, which were clearly a huge advertising scheme; another wanted to know if it was not a fact that most of the money in savings banks was kept there by very rich people; another combated the suggestion that expenditures for soda water, candy and other luxuries might be reduced, arguing that those same expenditures gave employment to many and created trade; and a young woman school teacher argued that the school savings bank was a pernicious thing because it made poor children who could not save feel their position more keenly. Mr. Knox's answer to that was that if the lady's reasoning was followed to a logical conclusion, she would have to insist upon the authorities furnishing a uniform for all school children in order that one should not feel his position more keenly owing to the fact that another was better dressed. Mr. Barrett escaped somewhat easier, though many questions were asked him relative to the large profits of trust companies, their charges, etc. However, the next lecture being upon the commercial bank, offered a large opportunity to talk upon a subject with which all were more or less familiar,

and Mr. Wolfe was kept busy answering questions for forty minutes after his lecture. Mr. Wolfe is a fine product of the American Institute of Banking, as are also Messrs. Knox and Barrett, and showed his training to advantage upon this occasion by answering satisfactorily questions of an economic and socialistic character, as well as those upon banking. Mr. Hotchkiss handled his subject in his usual polished manner, and while he was "heckled" for the best part of an hour after concluding his lecture, answered all questions to the apparent satisfaction of everyone and was loudly applauded at the close.

Like the seed sown by the sower of old, some of this seed will fall upon good ground, and some upon poor, and some will continue to be choked by the weeds of extravagance; but there is no doubt that much of it will take root. The ground will be in much better condition next year, and in a few seasons a real crop may be expected.

If this can be accomplished in New York, surely it ought to be easier in other cities. The effort is worth while, for "as the cities, so is the Country"; in other words, if this thrift movement gets well started in our cities, the whole Country is bound to reap the benefit.

Will your city take it up next season?

MEETING OF EXECUTIVE COMMITTEE.

THE Spring meeting of the Executive Committee of the Savings Bank Section will be held at Briarcliff Lodge, Briarcliff Manor, New York (station at Scarborough, New York Central R. R.), on Monday morning, May 5th, at ten thirty o'clock. Chairman Knox anticipates a full attendance and a most interesting meeting, as this has been a year of unprecedented activity in the Savings Bank Section, and all committees will have reports of unusual interest to render.

A meeting of the School Savings Bank Committee has been called for two thirty o'clock on the afternoon of the same day. This is the only sub-committee which will hold a meeting in addition to the Executive Committee, and in accordance with recommendation of the Council, all members of this sub-committee are members of the Executive Committee except one, and he resides not far from Briarcliff.

The members of our Executive Committee are as follows: E. R. Gurney, Vice-President Fremont Savings Bank, Fremont, Neb.; Wilmer Palmer, President Wilmington Savings Fund Society, Wilmington, Del.; J. F. Sartori, President Security Trust & Savings Bank, Los Angeles, Cal.; G. Ad. Blaffer, Vice-President Commercial Germania Trust & Savings Bank, New Orleans, La.; W. E. Knox, Comptroller Bowery Savings Bank, New York, Chairman; N. F. Hawley, Treasurer Farmers' & Mechanics' Savings Bank, Minneapolis, Minn.; W. G. Toepel, Cashier Peninsular State Bank, Detroit, Mich.; C. T. Rose, President Onondaga County Savings Bank, Syracuse, N. Y.; H. S. Cable, President Rock Island Savings Bank, Rock Island, Ill.; W. R. Creer, President Cleveland Savings & Loan Co., Cleveland, Ohio; E. L. Robinson, Vice-President Eutaw Savings Bank of Baltimore, Md.; Alfred L. Aiken, President Worcester National Bank, Worcester, Mass.

The Section is represented upon the Council by its President, R. C. Stephenson, Vice-President St. Joseph County Savings Bank, South Bend, Ind.; Vice-President J. F. Sartori, President Security Trust & Savings Bank, Los Angeles, Cal., and Chairman of the Executive Committee, W. E. Knox, Comptroller Bowery Savings Bank, New York.



# CLEARING HOUSE SECTION

## THE CLEARING HOUSE SECTION AND ITS WORK.

IT is almost accidental, certainly incidental, that associations of banks in any city are known as "Clearing House Associations." In many towns the banks make full use of the clearing device without any organization, while in a few other places the "Clearing House Association" is regularly organized for mutual protection and concerted action, yet does not clear checks. In one city the association is styled "The Associated Banks"—making no reference to any particular function, such as clearing checks.

It is so with the Clearing House Section of the American Bankers Association. Our work is not concerned particularly with the clearing of checks—except as we urge a complete extension of the principle to take in all checks, country as well as city—but with all matters of interest to banks which in their adoption require co-operation. The work of this Section is thus unlimited, either as to kind of bank or location, or whether or not members of the other Sections. In a broad sense, the Clearing House Section can, in no way, be separated or disintegrated from the American Bankers Association, which, in itself, is only another name for a clearing house embracing a territory as wide as the nation.

The Secretary of the Section had this thought in mind in addressing the following brief remarks to a recent group meeting of State Secretaries in Chicago: "I want to correct any impression that may be abroad that the Clearing House Section is a city proposition.

"If you have followed banking history and customs closely in this country, you have probably been struck with the idea that somehow the country and the city bankers have generally failed to recognize that there is common ground on which they should meet. I have always failed to see, and have refused to believe, that there is any confiction of interests between them.

"In a broad sense, every association of banks is a clearing house, whether such association be of a city, a county, a State or the nation. You will read that the first clearing house established in this country was organized in New York City in 1853. In this particular history is in error. The banks in this country met together to decide upon matters of mutual interest as early as 1805, or a time when there were not more than twenty banks in the entire country.

"It was only after the introduction or development of the Deposit-and-Check system of banking, and checks began to multiply, that these associations of banks began to clear checks merely as one of the functions or purposes of bank association. It is wrong, therefore, to regard the clearing house as of only comparative recent origin. The getting together, the association is the real fact of importance; the clearing of checks, while it is a matter of extreme importance, is secondary to the fundamental idea of co-operation.

"The Clearing House Section, therefore, feels that it is concerned with all banking problems that depend upon mutual confidence and co-operation. We not only devote our work upon banking as it is, but also upon banking as it ought to be, and as we fondly hope, will be.

"We keep our feet upon solid ground, but our faces are turned toward the future as it is revealed

to us from the facts of the past to the present day. I believe it requires no powers of prophecy to foretell what the future has in store for American banking. The history of banking in this country for the past hundred years has been a history of note issue. I believe that the history of the next century will be rather a matter of credit extension and the use of credit instruments, such as checks and drafts. Our reserves against these will be concentrated, instead of scattered as now. In this one respect, at least, the handwriting is already on the wall.

"As to credits, their proper safeguarding and extension, we have the well-organized credit departments of banks and the system of Clearing House Examinations. At present this is almost entirely limited to cities. But we are trying to create sentiment not only in favor of the wider extension of the plan among cities, but in the country as well, among groups of banks as are here represented.

"As to checks, we believe the fundamental principle of safety involved is that they shall be subject to as prompt a method of presentation and redemption as can be devised. That surely is of as great interest to the country, as to the city, banker. The best system thus far introduced is that which we call the "Country Clearing House," in use in London since 1854, and this country since about 1895. We cannot turn away from it. It is bound to come, and we may as well come together and have it definitely settled once and for all.

"To take up matters of lesser detail, but of great possibilities for good, we must consider the question of checks, with which we transact more than 95 per cent. of all business. Why should we allow checks to be prepared in form and size and issued to suit the personal whims of Tom, Dick and Harry?

"We recognize the fact that we should consult the interests and needs of our depositors at all times, but here is a subject where it is to the ultimate advantage of the customer to submit to the suggestion of the banks. Why can we not, as bankers, insist that checks conform to certain standards? They ought to be of uniform size within certain reasonable limits, the amount, the signature, the dates, and the place payable certainly ought to be printed in position with regard to the convenience of the banks who must handle them, and 90 per cent. of internal expense grows out of the use of checks.

"Yet, up to the present time, scarcely anything, certainly nothing of an organized nature, has been done. The Numerical System evolved by the Clearing House Section of the American Bankers Association is the first step in that direction.

"If you would ask for any evidence of the truth of these facts that I have stated, as to the importance of the clearing house principles to be applied to both country and city bankers, I have but to refer you to the plans that have been proposed looking toward monetary and currency reforms. Every one of them represents an extension of the ideas that have grown out of clearing-house experiences."

### NEW MEMBERS.

WE take pleasure in recording the names of nine new members of this Section: Clearing House Associations of Albany, N. Y.; Bakersfield, Cal.; Danville, Ill.; Duluth, Minn.; Houston, Texas; Knoxville, Tenn.; McAlester, Okla.; Norfolk, Va.; Springfield, Mass.; Oskosh, Wis.; Columbia, S. C., and Grand Forks, N. D.

**NUMERICAL SYSTEM IDENTIFICATION  
BUTTON.**

**M**R. B. H. CATDWELL, of New Albany, Miss., sends us the following idea, which appears to have considerable merit. We may take this up later after ascertaining how many banks would be willing to purchase the emblems, which, of course, would need to be individual in each case:

"We have an American Bankers Association to which a great number of the banks belong; all should. As I understand it, this Association was gotten up for the benefit, protection and convenience of the American bankers. When a bank joins, they are given a card stating that they have paid the necessary dues for the year and are entitled to such convenience and protection as they may have to offer. This card is usually posted in some place where it will be seen, so that all may know that the said bank is a member and in good standing.

"Would you think that it would be a good plan for the Association, sir, to have the numeral plan, for the banks to have a uniform button and have the Association issue them to the banks with their number on same; have the same emblem for the different officers, but colors to distinguish them? Say, have a small circle around the outside of the button gold, and let this circle represent the presi-

dent of the institution, silver for the vice-president, green for the cashier, and blue for the assistant cashier. These colors would distinguish the different officers. For an example, take a teller's window for an emblem, have a light background with bars made of gold, and have the American Bankers Association monogram above the bars, and the number of the bank with the State below. Have the button about the size of a nickel or dime.

"This would not only give the bankers a means of identification, but introduction, and in this way it would cause them to recognize each other where they wouldn't. There always exists a warm feeling between people who are engaged in the same line of work, and this would enable them to know each other anywhere."

**CLEARING HOUSE EXAMINATIONS.**

**T**HE second edition of the pamphlet prepared by the Clearing House Section on the "Purpose, Plan and Possibilities" of the Clearing House Examination is now ready. Since 1906 nineteen cities have put this system into operation, a plan that makes bank failures practically impossible. There is no reason why its beneficent results should be limited to the cities; small towns or even groups of country banks will find the idea readily adaptable.

**FORMS FOR NATIONAL AND STATE BANKS.**

**T**HE response to the circular letter sent to our members has been very gratifying. There is every indication that a sufficient number of subscriptions will be received to enable us to place the price of the book at the minimum figure, \$5 per copy, carriage paid. In order to secure this low price, it was necessary to know in advance the approximate number of copies that would be taken, so that the exact quantity of paper, leather, and other accessories could be provided for.

Much work remains to be done in collecting and arranging the plates which have been completed. It is hoped that the books will be ready the latter part of April or early in May. All subscribers will be promptly notified as soon as the date can be definitely determined. The price will be announced at the same time, although it is now reasonably certain that this will be fixed at \$5 per copy.

While the committee does not presume to state that every bank in the country will find each form submitted adaptable to its needs, there is no question but that any bank, large or small, will find several forms that will embody ideas and suggestions of benefit to that particular institution. Every banker should be familiar with the fundamental principles of "Bank Accounting" as explained in the forepart of the book, and the price is relatively so low that more of our members should embrace the opportunity to secure a copy. If you have not already done so, send in your order for a book.

**DOCUMENTS FOR DISTRIBUTION.**

**T**HE 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 Committee 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."



# STATE SECRETARIES SECTION



## STATE CONVENTIONS.

IF the Secretaries of the various State Bankers' Associations will notify this office of the date of their annual conventions as soon as fixed, the same will be published in the following list.

### CONVENTIONS TO BE HELD 1913.

April	16-17	Tennessee	Memphis
"	17-18	Louisiana	Alexandria
"	23-24	Arkansas	Little Rock
"	24-25	Florida	Jacksonville
May	2-3	New Jersey	Atlantic City
"	6-7	Kansas	Hutchinson
"	8-9	Oklahoma	Muskogee
"	8-10	Alabama	Dothan
"	9-10	Nevada	Goldfield
"	13-15	Texas	Galveston
"	16-17	Georgia	Macon
"	20-21	Missouri	St. Joseph
"	20-21	Mississippi	West Point
"	22-24	California	San Diego
"	27-28	Iowa	Des Moines
June	5-7	Idaho	City of Weiser
"	10-12	Michigan	Lansing
"	11-12	North Dakota	Grand Forks
"	11-12	West Virginia	Elkins
"	12-13	New York	Ottawa, Canada
"	16-17	Oregon	Roseburg
"	19-21	Virginia	Old Point Comfort
"	20-21	Pennsylvania	Pittsburgh
"	24-26	Maryland	Blue Mountain
"	25-26	South Dakota	Watertown
July	8-10	North Carolina	Asheville
"	10-12	South Carolina	Lake Toxaway
"	10-11	Minnesota	Duluth
Aug.	7-9	Washington	Bellingham
Sept.	11-12	Ohio	Cleveland
"	17-19	Amer. Inst. of Banking	Richmond, Va.
Oct.	6-10	Amer. Bankers Asso.	Boston, Mass.

## PROTECTIVE WORK OF STATE BANKERS' ASSOCIATION.

Arkansas Bankers' Association.

Little Rock, Ark., March 5, 1913.

### WARNING.

We are advised by the Bank of Piggott and the Clay County Bank, Piggott, that one "E. J. Gattinger," formerly of Piggott, has been drawing checks for small amounts on these two banks and having them cashed by traveling men and others. We are informed that he has not had an account with the Bank of Piggott for more than a year, and never had with them more than a small amount. It is stated that he has never had an account with the Clay County Bank. It is said that he has drawn checks all over Southeast Missouri, and was last heard from in Little Rock. He signs his own name to the checks. He knows a great many traveling men, and it is alleged always manages to find one to endorse his checks at hotels or banks. The members of our Association are advised to be on the lookout for checks signed in this name.

Arkansas Bankers' Association,  
Secretary's Office.

Little Rock, March 20, 1913.

### WARNING.

We are advised by one of our member banks at Brinkley that it would be well for our Arkansas banks to be on their guard with regard to a party going under the name of "Dr. H. Petty," who seems to be quite successful in cashing checks in this State, which turn out to be worthless.

He is described as being about 6 feet tall; age 30 to 33; dark hair, but not black. He has brown eyes, smooth face; weight between 150 and 160 pounds, and was wearing a dark suit of clothes with white Stetson hat. He was last heard from in Memphis. It is said that Howard & Tarter at Brinkley cashed a check for \$20 for him, drawn on a Hazen bank, which was returned unpaid. The man claims to be a veterinary surgeon.

If this party appears in your vicinity, please report at once to either the Monroe County Bank, Brinkley, or Howard & Tarter, Brinkley, who promise to swear out a warrant and prosecute him.

Missouri Bankers' Association,  
Office of the Secretary.

Sedalia, Mo., March 17, 1913.

A member at Poplar Bluff, Missouri, reports that it has been defrauded by cashing a forged check for a man giving the name of H. I. Crocker, who is described as follows:

Age, 38; height, about 5 feet 10 inches; weight, about 160 to 175 pounds; nationality, American; color of hair, brown; color of eyes, blue. Remarks: Slit in lower part of left ear; nose bent to one side; picture of Christ's Crucifixion and woman's head tattooed on one arm; teeth all false; front teeth in upper plate gold; has blue serge and light gray suits of clothes with him; parts his hair in the middle; is a dope fiend.

Crocker at one time worked in the Dalton Adding Machine factory at Poplar Bluff. He was recently seen at Zion City, Illinois, and will likely drift back to Missouri.

For the apprehension and conviction of Crocker on the crime charged above, the Missouri Bankers' Association offers a reward of fifty dollars (\$50). Reward to remain in force for a period of one year from date of this notice, and to be paid according to the by-laws and rules of said Association.

Arrest and wire this office and the Sheriff of Butler County, Poplar Bluff, Missouri.

Missouri Bankers' Association,  
Office of Secretary.

Sedalia, Mo., March 21, 1913.

A member of this Association at Buckner, Missouri, reports that it has been defrauded by means of a forged note purchased from a man giving the name of G. W. Bradley and who is described as follows:

Age, 40 or 45; height, 5 feet 8 inches; build, slender; weight, 150 pounds; complexion, fair; beard, smooth shaven. Wore light fedora hat and light raincoat.

A few days prior to his appearance at the bank, Bradley was seen near Buckner with a woman and a small boy, the woman (who claimed to be his wife) being described as follows:

Age, about 30; build, small and plump. Very neat dresser; wore dark dress, black velvet shoes, and light cloak and black coat over it. The black coat was full length and had a sailor collar.

**Bradley's Scheme:** Drove from Independence, Missouri, with the woman and boy to a sale which was being held near Buckner. The woman and boy remained in the house with the family of the man conducting the sale, and claimed that their name was Campbell. Bradley mingled with the men attending the sale, and engaged in conversation a customer of the bank who desired to purchase a span of mules. In the course of the conversation Bradley stated that he had a neighbor who desired to sell a span of mules and requested the bank's customer to sign his name in what appeared to be a memorandum book, which Bradley handed to him. This was done. After ascertaining that the customer's note for a certain amount would be purchased by the bank, Bradley drove out from Buckner, ostensibly for the purpose of selling the mules, and returned with a note purporting to have been signed by the customer. The bank purchased the note and later discovered that the signature was not genuine. Evidently the fraud was made possible by the customer's signature in the note book.

For the apprehension and conviction of Bradley on the crime charged above, the Missouri Bankers' Association offers a reward of One Hundred Dollars (\$100). Reward to remain in force for a period of one year from to-day and to be paid according to the by-laws and rules of this Association.

Arrest and wire this office and the Sheriff of Jackson County, Independence, Missouri.

Montana Bankers' Association,  
Secretary's Office.

Great Falls, Mont., March 17, 1913.

BULLETIN No. 148.

Be on the lookout for bogus checks signed "Old Kentucky Distillery," by M. W. Hallandery, Secretary and Treasurer, drawn on the American National Bank of Louisville, Louisville, Kentucky.

We are advised by this bank that a number of such checks originating in California, Oregon and Montana have appeared recently, the following names having been used as payees: J. A. Wilmott, George W. Nelson, C. A. Morrison and J. C. Adams. The party issuing these bogus checks evidently uses a regular printed draft form; checks are numbered and protectograph used. We are advised that there is no one connected with the Old Kentucky Distillery at Louisville by the name of Hallandery.

The following are reported as lost in the mails: Time certificates issued by the Citizens' State Bank of Culbertson, numbered from 1,121 to 1,125, inclusive, for \$1,000 each, favor of James O'Reilly. Cashier's check No. 414, for \$125, issued by the above-named bank.

North Dakota Bankers' Association,  
Office of the Secretary.

Fargo, N. D., March 19, 1913.

A small, thin-faced, dark complected woman, dressed in dark clothes with short jacket and long blue coat, succeeded in working seven or eight fraudulent checks in Fargo during the past two days and has disappeared with the proceeds. This lady evidently changed her costume once or twice while working the town as she appeared once with a scarf over her head and again with a small dark velvet hat.

She has a companion, dressed in a tan suit, and

worked very rapidly and evidently is a professional in this line.

The checks were all drawn payable to "Mrs. Nels Nelson" and the street address "739 13th St. No." was given on the checks. All checks were signed "Ole M. Olson."

This was one of the smoothest tricks ever worked in our city and the little lady seems to have been successful in getting the money on all the checks she issued by making small purchases and getting the difference in cash.

At one store she bought a piano and gave a check for \$69, making a payment of \$25 on a piano and getting the balance in cash. All the other checks seemed to be for the sum of \$49.

She cleaned up something in the neighborhood of \$300 and dropped out of sight.

Look Out For Her!

Arkansas Bankers' Association.

Little Rock, Ark., March 26, 1913.

WARNING.

One of our members at Hartman, Arkansas, warns us against a man by the name of "J. C. Hammonds," described as follows:

Medium build; weight, about 150 pounds; medium dark complexion; thick lips; appears to be about 40 years old. Party claims to have suffered recent case of typhoid fever and is apparently in hard circumstances, working on the sympathies of the people he meets, especially as he had a small boy with him, apparently about eight years old. From sympathy for the boy, favors are granted Hammonds. Hammonds claimed to have connections in Tinsman, Arkansas, that would enable him to take care of the paper on which money was obtained, but notices sent to Tinsman have been returned, claiming that Hammonds is unknown there.

Any information you may have of this party you might communicate to the Bank of Hartman.

#### AGRICULTURAL INVESTIGATION.

**R**OBERT I. WOODSIDE, President of the Farmers' and Merchants' Bank of Greenville, S. C., Chairman of the Committee on Agricultural Development and Education of the South Carolina Bankers' Association, and Chairman of the Department of Agriculture of the Greenville Chamber of Commerce, has been appointed by the South Carolina Bankers' Association as a member of the American Commission under the auspices of the Southern Commercial Congress which will visit Europe for the purpose of investigating the Co-operative Banking Systems, Rural Co-operation, Marketing Societies, Universities and Colleges, Legislation and Laws, Government Departments, Central Banks, Methods of Farming, etc. Among the countries to be visited are Italy, Hungary, Russia, Balkan States, Austria, Germany, Denmark, Sweden, Switzerland, Belgium, Holland, France, England and Ireland. The Commission has official power and influence given by authority of Congress, the President of the United States, the Governors of the various States and the Ambassadors of the several countries visited. It is headed by United States Senator Duncan U. Fletcher.

#### TRIP OF TEXAS BANKERS TO PANAMA.

**T**HE members of the Texas Bankers' Association have on various occasions made trips throughout the country in special trains, following the adjournment of their annual conventions. It is possible that this year they may make a trip to Panama at the close of their convention in May. Secretary Hoopes anticipates that many bankers will be attracted from every section of the country by the excellent program provided for the convention and the tour which is to follow.

**REGISTRATION AT OFFICES.**

**T**HE following visitors registered at the Association offices during the month of March:

- Aiken, Alfred L., President Worcester National Bank, Worcester, Mass.
- Barker, Joseph L., Manager "United States Investor," New York City.
- Barnet, W. R., A. G. P. A. New York Central Lines, New York City.
- Barrows, Howard A., Central Bank, Rochester, N. Y.
- Bean, Robert H., President Boston Chapter A. I. B., Boston, Mass.
- Beissbarth, E., President First National Bank, Brinsmade, N. D.
- Booth, Willis H., Vice-President Security Trust and Savings Bank, Los Angeles, Cal.
- Branch, Col. James R., Branchfield, W. Va.
- Brown, David, Jr., D. P. A. Chicago Great Western Railroad, New York City.
- Brown, Joseph G., President Citizens' National Bank, Raleigh, N. C.
- Brown, W. E., Detroit, Mich.
- Brownell, G. A., President Essex Co-operative S. and L. Association, Essex Junction, Vt.
- Bullock, Richard, Fitchburg, Mass.
- Burns, Raymond J., Chicago, Ill.
- Burns, William J., New York City.
- Clark, Amzi N., Teacher Public School 77, Borough of Queens, New York City.
- Clark, John A., New York City.
- Cody, Michael, President Exchange National Bank, Montgomery, Ala.
- Davis, T. J., Vice-President First National Bank, Cincinnati, Ohio.
- Dudley, Roger, DeWitt, Ark.
- Eaton, James W., Director Bank of Babylon, Babylon, N. Y.
- Evans, E. S., President Commercial Realty and Inv. Co., Inc., Richmond, Va.
- Fowler, Charles N., Elizabeth, N. J.
- Fox, Harry J., Cashier Central Savings Bank, Detroit, Mich.
- Franklin, N. E., President First National Bank, Deadwood, S. D.
- Grass, Albert H., New York City.
- Gregory, John H., Vice-President Central Bank Rochester, N. Y.
- Haynes, D. O., New York City.
- High, John R., Bank of Babylon, Babylon, N. Y.
- Hopkins, W. F., Vice-President Third National Bank, Buffalo, N. Y.
- Irons, Geo. L., Second National Bank, Toledo, Ohio.
- Johnson, A. Norman, Boise City National Bank, Boise, Idaho.
- Kauffmann, W. L., Credit Manager Youngstown Sheet and Tube Co., Youngstown, Ohio.
- Kniffin, W. H., Jr., Treas. Onondaga County Savings Bank, Syracuse, N. Y.
- Knolhoff, F. W., Secretary and Treasurer Bloomfield Trust Company, Bloomfield, N. J.
- Lacy, B. R., State Treasurer, Raleigh, N. C.
- Lassiter, R. W., President First National Bank, Oxford, N. C.
- Livingstone, William, President Dime Savings Bank, Detroit, Mich.
- Lowry, Col. Robert J., President Lowry National Bank, Atlanta, Ga.
- Luckett R. P., U. S. Casualty Co., New York City.
- Lusk, F. S., President First National Bank, Missoula, Mont.
- Miller, J. M., Jr., Vice-President First National Bank, Richmond, Va.
- Musser, C. R., Cashier Commercial Savings Bank, Akron, Ohio.
- Nichols, Frederic C., Treasurer Fitchburg Savings Bank, Fitchburg, Mass.

- Noel, Joseph R., President North West State Bank, Chicago, Ill.
- Overton, J. A., Cashier National Bank of Smithtown Branch, Smithtown Branch, N. Y.
- Reynolds, John H., President First National Bank, Rome, Ga.
- Rhodes, Bradford, President First National Bank, Mamaroneck, N. Y.
- Rooney, Edwin R., Assistant Cashier First National Bank, Boston, Mass.
- Rosendale, W. M., Assistant Cashier Market and Fulton National Bank, New York City.
- Runkle, Delmer, President People's National Bank, Hoosick Falls, N. Y.
- Scovil, E. Medley, Manager "Boston News Bureau" and "Wall Street Journal," New York City.
- Sexton, T. F., Cashier First National Bank, DeWitt, Ark.
- Shelton, W. H., President Citizens' Bank and Trust Co., Athens, Ga.
- Stevens, Albert C., "Newark Evening News," Newark, N. J.
- Stone, Herbert E., Boston Chapter A. I. B., Boston, Mass.
- Teter, Lucius, President Chicago Savings Bank and Trust Co., Chicago, Ill.
- Tilton, McLane, Jr., Secretary-Treasurer Alabama Bankers' Association, Pell City, Ala.
- Todd George, W., Director Central Bank, Rochester, N. Y.
- Ward, W. B., Jr., Manager Foreign Department, The National Nassau Bank, New York City.

**FOURTH AMERICAN PEACE CONGRESS.**

**T**HE Fourth American Peace Congress will meet in the City of St. Louis on the 1st, 2d and 3d of May, 1913. President Wilson has accepted the invitation to be honorary president, and former President Taft and Senator Elihu Root are honorary vice-presidents of the Congress.

On the request of the Executive Committee of the Congress, President Huttig has appointed the following named gentlemen to represent the American Bankers Association at the Congress on the dates above mentioned:

- Mr. Thomas H. West, St. Louis, Mo.
- Mr. E. F. Swinney, Kansas City, Mo.
- Mr. J. B. Forgan, Chicago, Ill.
- Mr. J. G. Schmidlapp, Cincinnati, Ohio.
- Hon. William Livingstone, Detroit, Mich.

**RESERVE CITY BANKERS.**

**T**HE first annual meeting of the Reserve City Bankers' Association is to be held in St. Louis, April 19th. The Planters Hotel will be headquarters. It is expected that every reserve city center in the country will be represented at the meeting, and suitable entertainment will be provided by the bankers of St. Louis.

**A. B. A. MEMBERSHIP IN ILLINOIS.**

**T**HE members of the Executive Council of the American Bankers Association in Illinois are carrying on a vigorous campaign to increase the membership of the National Association in that State. By bringing it up to 900 or over the State will be entitled to one more representative on the Council. The present membership is 854.

**BADGES OF THE DETROIT CONVENTION.**

**T**HERE are some badges left over from our Convention held in Detroit which will be supplied to members upon application to the General Secretary. They will be forwarded in order of applications as received until the supply is exhausted.

# LEGAL NOTES AND OPINIONS

THOMAS B. PATON · GENERAL COUNSEL

## NEW BANK LEGISLATION IN WASHINGTON.

THE Washington State Legislature adjourned the middle of March and the Legislative Committee had a very busy and successful two months' campaign before that body. The Chairman of the Committee, Mr. J. H. Edwards, Vice-President Dexter Horton Trust & Savings Bank, Seattle, with Mr. W. H. Pringle, Manager Scandinavian-American Bank, Tacoma; Mr. Robert Moody, Vice-President First National Bank, Everett, of the Committee, and Mr. P. C. Kauffman, Secretary of the Washington Bankers' Association, were present in Olympia a large portion of the time the Legislature was in session. Of the eleven measures introduced on behalf of the Association, seven were passed, on the following subjects:

1. An act providing that real estate actually sold under judgment, decree or mortgage foreclosure must be disposed of within five years from the date of purchase. (Thus making the law conform with the National Banking Act.)
2. An act authorizing notaries public, who are stockholders, directors, officers or employees of a bank or other corporation, to take acknowledgments, except where such notary is a party to the instrument.
3. An act increasing the amount payable under the Joint Account Act, in the event of the death of either party, from \$300 to \$1,000.
4. An act punishing the making of derogatory statements concerning a bank or banks.
5. Uniform Warehouse Receipts bill.
6. An act amending the law authorizing banks in cities of the first class to put up security, instead of surety bonds for a municipal deposit, making the law uniform with that regulating the deposits of counties and other cities.
7. An act requiring all private banks to come under the supervision of the State Banking Department, and giving them till January 1, 1915, to incorporate under the State Banking Law.

Three of the above measures, namely, those relating to the competency of bank notaries, the making of derogatory statements concerning banks and the Uniform Warehouse Receipts Act, were measures recommended by the American Bankers Association, and the Joint Account Act, amended by the Legislature, is also an Association measure.

The Legislative Committee of the Washington Bankers' Association have every reason to be proud of the work accomplished. At no time in the history of the Association has the enactment of so many important and valuable measures been secured at one session of the legislature, and the legislative work has involved the personal sacrifice of much valuable time. The Committee of the Washington Bankers' Association and its able Secretary, Mr. Kauffman, are to be congratulated on the successful results obtained.

## NEW LEGISLATION IN VERMONT.

THE officers and members of the Vermont Bankers' Association have been very active this year in the promotion of beneficial legislation and as a result, three of the measures recommended by the American Bankers Association have become law, namely:

1. The Negotiable Instruments Act.
2. The act relating to the liability of banks for the payment of forged or raised checks.
3. The act punishing the making or use of false statements to obtain property or credit.

It is very gratifying to know that, after a long number of years of unsuccessful attempt to procure the passage of the Negotiable Instruments Act, that measure has finally become a law. Congratulations are especially due to the bankers of the State who have given so much of their time and attention to these measures.

Other acts relating to banks which have been passed by the Vermont Legislature this year are: (1) amending the law relating to investments by savings banks and trust companies, (2) amending the law relating to the determination of surplus by savings banks and trust companies, (3) to enable a savings bank or trust company to procure postal savings deposits, and (4) an act to provide for regulation and supervision of investment companies, popularly known as the "Blue Sky" law.

## LEGISLATION IN SOUTH DAKOTA.

ADVICES from Mr. E. A. Cummins, Vice-President of the First National Bank, Pierre, S. D., are to the effect that the bankers have succeeded in passing through the Legislature the Uniform Warehouse Receipts Act without any change or amendment. The bankers were also successful in passing the Uniform Negotiable Instruments Act, but were obliged to agree to some amendments. Sections 87 and 137 were eliminated and other minor changes made which do not materially affect the bill. This was the sixth attempt to pass the act, and in all previous cases it passed the Senate but failed in the House. The Governor has approved the bill and it is now a law. An attempt will be made at the next session to pass the Uniform Bills of Lading Act. It was not regarded as good policy to introduce too many important measures at one session.

Mr. Cummins and others whose efforts have resulted so successfully are to be congratulated on the good results obtained.

## NEW LEGISLATION IN INDIANA.

**M**R. ANDREW SMITH, Secretary of the Indiana Bankers' Association, advises that the Uniform Negotiable Instruments bill was passed by the Indiana Legislature this year without being amended in any way. The Legislature also passed the bill to punish the giving of checks without funds and the bill making it unlawful to obtain property or credit by use of false statements. Congratulations are due the Indiana bankers upon their success in procuring the enactment of the above three measures recommended by this Association, and especially upon the passage of the Negotiable Instruments Act, which has failed in so many previous years.

A "Blue Sky" law was also passed by both Houses of the Legislature, but was vetoed by Governor Ralston as being too drastic. In his veto message the Governor stated that such a law was commendable in its intent to annihilate the schemer and illegitimate dealer, but that its means and methods put too great a hardship upon legitimate business.

## NEW BANKING LAW IN TENNESSEE.

**S**ECRETARY MAYFIELD, of the Tennessee Bankers' Association, has provided General Counsel with a copy of a general act relating to banks and banking which was passed by the recent Legislature of that State. The bill was drafted by the Legislative Committee of the Tennessee Bankers' Association and was introduced as an Association measure. It is a general law creating a banking department and through this department regulating, examining, controlling and supervising banks and banking and the liquidation of banks. The act provides means and agencies for carrying out its provisions and penalties for violation. A unique feature of the act is the provision which allows the Tennessee Bankers' Association to nominate five names, one of which the Governor shall appoint as Superintendent of Banks. It is believed this will effectually remove the appointment of the superintendent from politics.

## BANK LEGISLATION IN KANSAS.

**M**R. W. W. BOWMAN, Secretary of the Kansas Bankers' Association, advises that the recent Legislature did very little either for or against banks. The Kansas bankers caused to be presented four measures recommended by this Association, namely, those relating to deposits in two names, false statements to obtain credit, derogatory statements affecting banks, and to punish the issuing of checks without sufficient funds. The three latter were defeated, but the "two name" bill was passed.

Mr. Bowman advises that the "derogatory statement" bill was defeated because it was contended a remedy already existed under the libel and slander law of Kansas and under the general right to recover damages, and that the bills to punish "false statements for credit" and "checks without funds" were defeated on the ground that these offenses could be reached under the penalties prescribed for obtaining

money under false pretenses. The Kansas bankers feel that these reasons are wholly insufficient and will try again two years hence. Congratulations are due Mr. Bowman and his associates upon their success in procuring the passage of the "two name" bill.

## NATURE OF SAFE DEPOSIT BOX RENTAL.

**T**HE New York State Safe Deposit Association invite our attention to a decision rendered on March 7th by Mr. Justice Brady, of the New York Supreme Court, in favor of the Mercantile Safe Deposit Company and suggest that the publication of the point decided will be of interest to all bankers of the country that lease safe deposit boxes, owing to the view taken by the court that the nature of the relation is that of landlord and tenant and not bailee and bailor.

The case arose out of a safe rented in the Mercantile Safe Deposit Company by Mr. Russell Sage and Mr. Charles W. Osborne. When Mr. Sage died, the company permitted Mr. Osborne to have access to the deposit box in which were many of the securities of Mr. Sage, without the knowledge of the State Comptroller. Section 227 of the Transfer Tax Law prohibits a safe deposit company or bank having in possession or under control securities, deposits or assets belonging to or standing in the name of a decedent, individually or jointly with another, from making delivery to the executor or survivor without prior notice to the State Comptroller. The action was by the Attorney General against the Safe Deposit Company for violation of the act.

This provision of the law, according to the complaint, was designed to prevent fraud and to insure the State against loss in the taxation of estates. The vault which was opened was said to have contained thousands of shares of stocks and bonds, the individual property of Mr. Sage, as well as a vast amount of securities which he held as collateral on loans made principally to Wall Street brokers. Not only was the deposit box opened, it was alleged, but also payment of loans with the attendant release or substitution of collateral securities was permitted, so that business was conducted as during the life of Mr. Sage.

The penalty for granting such permission under the Transfer Tax Law is a fine of \$1,000.

Mr. Osborne admitted under oath before Charles P. Dillon, an appraiser, at the time when the suit was begun, that he had access to Mr. Sage's deposit box in the vaults of the Mercantile Company after the financier's death without the knowledge of the State Comptroller. He explained that the box was held jointly and that the officials of the company permitted the entrance. In further explanation, he said at the time: "If the Comptroller's contention is correct from July 22d to September 22d, the day on which the will was probated, the safe deposit box could not have been touched. Think of the situation! We had lent, say, John Jones \$100,000, and had collateral deposited with the Mercantile Safe Deposit Company. The day after Mr. Sage died Mr. Jones might have come into this office prepared to take the loan up. He might tell me that he had already sold

the collateral and had to make the delivery that day. All that I could tell him was that I was sorry, but that he would have to wait until I could gain access to the vault."

At the trial the Mercantile Company maintained that the statute was to be construed, in the case of safe deposit companies, as applying only to the storage business done by such companies, and not to the business of letting out safes or vaults. It was urged that the contents of such safes were not in possession of the company, under the meaning of the statute. It was shown that Mr. Osborne held the vault jointly with Mr. Sage, and that they alone knew the combination of the lock, the company having only the "master key," which opened only the door leading to the vault.

Justice Brady directed a verdict for the defendant on the ground that the statute applied only to the case of safe deposit companies receiving property on storage, and not when receiving property deposited by customers in safes or vaults rented by them, and of which they retain the keys or combination.

Judge Brady did not file a written opinion but simply made an oral charge to the jury. The State

will carry the case to the Appellate Division, and if the decision is ultimately affirmed by the highest court the result will be gratifying to lessors of safe deposit boxes, whether safe deposit company or bank, as relieving them from the responsibilities incurred as bailees of the contents of rented boxes.

The nature of the relation of a safe deposit company to a box renter has been uncertain in many States not only in its bearing upon the duty of the lessor in view of Inheritance Tax laws, but in cases where questions have arisen whether the creditor of the lessee could garnish the contents of the box. This point has been decided differently in different States. It is to be noted that the Supreme Court of Illinois, in 1911, decided that the section of the Illinois Inheritance Tax Law, similar to that in New York, was constitutional, and bound the safe deposit company not to permit removal of contents without ten days' notice to the State authorities. The court held that the relation of bailee and bailor is created between the parties as to the securities and valuables deposited in the safe deposit box. *National Safe Deposit Company v. Stead*, 95 N. E. 973. This is contrary to the decision of Mr. Justice Brady.

#### OPINIONS OF GENERAL COUNSEL.

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

###### PAYMENT OF CHECK ON HOLIDAY.

**Question considered and conclusion reached that, in present condition of law and the absence of direct judicial precedent, payment of a check on a holiday or half holiday would be of uncertain validity and at risk of bank, should drawer stop payment at opening of business on next business day.**

From Ohio.—On February 22d, a holiday, I happened to be in the bank, and a customer called and left a \$300 check on this bank for credit. I stamped the check with our "PAID" stamp under date 24th, cut it on the cancelling hook, and filed it and the customer's deposit ticket. Immediately after I received a telephone message from the drawer of the check stopping payment.

I will highly appreciate your opinion on the situation. Was my action a lawful payment of the check? Had the drawer a right to stop payment at any time previous to the presentation of the check on a business day and during business hours? If I had given the holder cash instead of credit, would that have made any difference? Generally, will a bank be protected in paying checks on holidays or on Saturday afternoons, if after such payment the maker gives the bank a stop notice?

Your inquiry raises the question whether payment of a check on a legal holiday or half holiday is premature and invalid so that, if a stop payment is received before or at the opening of business on the next business day, such countermand will be in time to revoke the check before it is legally payable, and hence prevent the charging of the amount paid to the drawer's account, assuming that he had a good defense to the check in the hands of the payee.

I have been unable to find that this specific question has ever come before any of the higher courts for decision; nor have I learned of any case in a lower court—although there may be such—where the validity of payment of a check on a holiday has been the point at issue. The question is of considerable importance, especially with reference to half holidays when many banks desire to keep open and do business, including the payment of checks, the same as on regular business days.

The general rule with reference to legal holidays is that what is not specifically prohibited by statute remains lawful to be done on those days. *Farnum v. Fowle*, 12 Mass. 89; *Green v. Walker*, 73 Wis. 548. For example, where a statute designated a day as a legal holiday and prohibited the execution of any writ, process, warrant or judgment on that day, this did not prevent a sale by a trustee under a deed of trust on that day being valid, *Stewart v. Brown*, 112 Mo. 171; where a statute prohibited public business and the service of process on a designated holiday, this did not invalidate the acknowledgment of the execution of a deed on that day, since in taking an acknowledgment the notary is engaged in private business only, *Slater v. Shack*, 41 Minn. 269; where a statute provided that Thanksgiving Day shall be treated as Sunday as to presentment, acceptance and protesting of bills, this did not relieve a policyholder from the payment of dues on an insurance policy falling due on that day, *National Mutual Ben. Ass'n. v. Miller*, 85 Ky. 88; where the last day upon which an option to return stock purchased must be exercised falls on January 1st, the fact of that day being a legal holiday did not extend the time, *Page v. Shainwald*, 169 N. Y. 246. In this case, *Parker, C. J.*

said: "As the 1st day of January was a holiday, and the 2d came on Sunday, the plaintiff insists that his tender and request were in time. But the difficulty with his contention is that legal holidays have not been placed on the same basis as Sunday by the statute. Indeed, in only two respects has the legislature attempted to interfere with the ordinary course of business, whether public or private, on a holiday other than Sunday. The first act provides that a negotiable instrument maturing on a holiday is payable on the next succeeding business day (Laws 1887, c. 289), and the second that holidays shall be considered as Sunday for all purposes whatsoever, as regards the transaction of business in the public offices of the State or of the counties of the State (Laws 1897, c. 614, section 1). If the legislature had omitted the limitation of the preceding statute to the transaction of business in the public offices of the State or counties of the State, thus providing that holidays should be considered as Sunday for all purposes whatsoever, the plaintiff's contention would be well founded. But in the present state of the statutes, we are of the opinion that upon holidays other than Sunday all transactions may be carried on as on any other day, with the exceptions above noted."

The question, therefore, of the validity of the payment of a check on a holiday or half holiday in any State would depend upon the statutory provisions of that particular State. Unless such provisions prohibited or made unlawful the making of such payment, the act would be valid although it might possibly be held that a universal custom of all banks to abstain from business on a holiday or half holiday had the same force and effect as a statutory edict not to do business. See for example, *Richardson v. Goodard*, 23 How. (U. S.) 28 holding that the proclamation of a governor appointing an annual fast day does not prohibit the loading or unloading of vessels on that day in the absence of a statute or of general or special custom.

What, then, are the statutory provisions in Ohio as to holidays?

The Sunday statute prohibits certain games and occupations and prohibits common labor on that day, Gen. Code sections 13044-9; but it has been held that it is ordinary manual labor, as distinguished from intellectual labor, which is prohibited, and that the making of a contract on Sunday is not unlawful or prohibited by this statute. *Sellers v. Dugan*, 18 Ohio St. 489.

The general holiday statute makes Election Day between 5.30 and 9 A.M., a legal part holiday "for election purposes only" (Gen. Code Section 5976); provides that Labor Day "for all purposes shall be considered as the first day of the week" (Id. 5977) and every Saturday of each year shall be a half legal holiday for all purposes beginning at noon and ending at midnight (Id. 5978). But although this statute creates Saturday a legal half holiday "for all purposes" and Election Day a part holiday for election purposes, there is no statutory definition of what is meant by a half holiday with reference to what can or cannot lawfully be done thereon; and as to the provision that Labor Day shall be considered for all purposes as the first day of the week, the

Supreme Court of Ohio in *State v. Thomas*, 61 Ohio St. 444, 450, held that an indictment found by a grand jury on that day was not demurrable on that ground alone and said: "It is not made the first day of the week. No penalty is provided for any act committed on that day that is lawful on other days. Nothing is made an offense that is done on that day that might not lawfully be done on any other day of the week. It gives to each one the personal privilege of the observance of the day as a holiday, on which no common labor can be enforced and restricts and limits commercial transactions and demands."

The creating of a legal holiday does not make it a dies non, and any business may be transacted during it, except such acts as are expressly excepted by statute. *Morel v. Stearns*, 37 Misc. (N. Y.) 486; *Handy v. Maddox*, 85 Md. 547.

Thus far, there appears nothing in the Ohio statutes which would invalidate a payment of a check on a holiday. But there remains to be considered the further statutes relating to negotiable instruments. The general code of Ohio, Title VII, Div. 2, relating to negotiable instruments, provides (Section 8301) that January 1st, February 22d, May 30th, July 4th, the first Monday of September, October 12th, December 25th, any day appointed as Thanksgiving Day and any day which shall hereafter be made a legal holiday "shall for purpose of this division be holidays," and where certain of such days fall on Sunday, the following business day shall be a holiday.

The above days are therefore made holidays for the purpose of negotiable instruments and another statute, previously cited, makes Saturday afternoon a half holiday for all purposes, which would include the purpose of negotiable instruments. What does this mean? Does it mean that all transactions with negotiable instruments on holidays are prohibited and unlawful? It cannot mean this, for if it would be unlawful for a man to give a check on a holiday for a horse which he had purchased, it would be equally unlawful for him to do any business act whatever on a Saturday afternoon, because that afternoon is made a half holiday "for all purposes;" it would be unlawful for a liveryman to let out a horse and buggy, and the hirer who caused damage by reckless driving could not be held liable. It would appear that the construction put by the Supreme Court of Ohio in *State v. Thomas*, supra, upon the statute making Labor Day "as the first day of the week for all purposes whatever" would equally apply here, namely, that nothing is prohibited that may lawfully be done on any other day, and the effect of the statute is merely to give to each one the personal privilege of the observance of that day as a holiday, the statute being permissive rather than prohibitory. In other words, no one can be obliged to work on a half holiday or perform any business act, and no one is obliged to transact business with negotiable instruments on a holiday; but this is a mere personal privilege which can be waived and the act done be lawful.

There is one further statutory provision to be considered, namely, the section of the Negotiable Instruments Act of Ohio (Gen. Code, Section 8190) which relates to negotiable instruments falling due on holidays. That section provides:

"Every negotiable instrument is payable at the time fixed therein without grace. When the day of maturity falls upon Sunday or a holiday, the instrument is payable on the next succeeding business day. Instruments falling due on Saturday are to be presented for payment on the next succeeding business day, except that at the option of the holder, instruments payable on demand may be presented for payment before twelve o'clock on Saturday, when that entire day is not a holiday."

First as to whole holidays, this section provides that when the day of maturity of a negotiable instrument falls upon Sunday or a holiday the instrument is payable on the next succeeding business day. To be strictly technical, it might be urged that "day of maturity" implies a previous immaturity; that it could only apply to an instrument, such as a time note, which when given was not matured, and the day of maturity of which fell on a holiday; that therefore it would not apply to an ordinary check which is never immature. But it would not be safe to adopt such a construction but rather take the view that it applies to a check and would be construed to mean that if, at the time the check becomes payable by the bank, namely, when it is presented for payment, the day is a holiday, the instrument is payable on the next succeeding business day. Is this provision permissive or mandatory? Does it simply permit the bank to refuse payment when presented on a holiday if the bank should happen to be open, without dishonoring it, with option to waive the privilege and lawfully pay the check, or is it a positive provision of law which enters into the terms of the contract, analogous to the three days of grace on bills and notes which formerly prevailed, by virtue of which the time at which the check first becomes legally payable is the next succeeding business day, so that if the bank paid it on the holiday it would be making a premature payment at its own risk and peril, the same as if it paid a post-dated check before the day of its date arrived? I will not take the responsibility of saying which construction is the correct one, but it would seem that, until this question is settled by judicial decision, a bank would be taking a risk if it paid a check on a holiday.

What is the situation with reference to payment of a check on a half holiday? In this case the statute provides that instruments "falling due" on Saturday are to be "presented" for payment on the next succeeding business day except that demand instruments (e. g., checks) may at the option of the holder be presented before 12 o'clock. The previous provision related to the matter of payment, but this provision applies more especially to the rights of the holder in the matter of presentment. He has no right to present a check until the next succeeding business day, where he has not presented it before 12 o'clock on Saturday. But if he should present it on Saturday afternoon, when the bank was open, would the bank have the right to waive the privilege of holding him to the strict requirement of the law, and to make payment, or would the provision that the instrument was to be presented on the next succeeding business day be mandatory, so that the check would, by force of the law, not be payable until it could be legally presented on a business day? The same conclusion must be reached here. Until

the courts settle the law so that banks know their precise rights in such a case, there would be a risk in paying a check on Saturday afternoon.

A further consideration might enter into the decision of the question of the validity of payment of a check on a holiday or half holiday, namely, that the check drawer who issued his check upon a holiday would have a right to rely on the bank observing the provisions of the statute relating to payment and presentment of paper on holidays and half holidays; that the provisions of the statute entered into the implied contract between bank and customer whereby the latter agreed to honor his checks; and that the bank, as paying agent of the customer, whatever its rights, if it was paying its own independent debt, would have no right to waive the privilege (assuming it is a privilege and not a mandate) not to pay on a holiday or half holiday, where by so doing it might jeopardize the interests of its principal.

For these reasons, it would seem unsafe in the present condition of law for a bank in Ohio to pay a check on a holiday or half holiday; although there would seem to be nothing in the law which would prevent it from keeping open at such times and doing other banking business, such as the receiving of deposits (other than checks on the bank itself), the making of loans, discounting of notes and even paying checks to the depositor in person.

In the above, the question has been discussed generally as to the validity of payment of a check on a holiday or half holiday, where there is a subsequent stop order at opening of business on the next business day. In your particular case, the check was not paid in cash, and your letter raises the special question whether what was done was an irrevocable payment, so far as the payee was concerned. Ordinarily, a crediting to account of a deposited check on the same bank is equivalent to payment of cash. But this check was not credited to account; it was cancelled and stamped paid as of a later day and filed with the customer's deposit-ticket for future entry. Without prolonging this by an extended discussion, I think it could be urged that the process of paying this check had not been completed so as to make the payment irrevocable. A further question raised by your letter is, whether the drawer in this particular case had the right to stop payment on the holiday. I think in view of the fact that you were at the bank and doing business so far as this particular check was concerned, the stop payment on the holiday was within the drawer's rights. In any event the drawer would have the right to stop payment at the opening of business on the next secular day, which would be in time to revoke a check not payable until that day.

#### NOTE AND MORTGAGE GIVEN ON HOLIDAY.

In Washington, a note and mortgage executed, acknowledged and delivered on a legal holiday, is not prohibited by statute and is valid.

From Washington.—Will you kindly give us your opinion as to the legality of a note and mortgage ex-



executed, acknowledged and delivered in our State on a legal holiday, granting that the papers are correct in other respects?

A note and mortgage executed, acknowledged and delivered in the State of Washington on a legal holiday, is perfectly legal and valid.

At common law the execution and delivery of a contract on a Sunday (and with stronger reason on a holiday) did not vitiate or affect it, and in the absence of some statute making it invalid, such execution and delivery would be lawful. *Hooks v. State*, 58 Fla. 57; *Ryan v. Schutt*, 135 Ill. App. 554; *Steere v. Trebilcock*, 108 Mich. 464.

Referring to the statutory provisions in your State concerning holidays and Sunday, the Washington statute provides that "the following days are legal holidays, namely: Sunday, the first day of January," etc., continuing with specification of a number of other days (Rem. and Ball. Anno. Code [1910], Chap. 5, Sec. 61); provides for the presentment and payment of instruments whose date of maturity falls upon Sunday or a holiday (The Neg. Inst. Act, Rem. and Ball. Anno. Code [1910], Chap. III, Sec. 3475½); provides that no court shall be open, nor any judicial business transacted, on a legal holiday, except to give instructions to a jury, to receive the verdict of a jury, for the exercise of the powers of a magistrate in a criminal action, or for hearing an application for writs of habeas corpus, injunction, prohibition and attachment. The statute likewise defines "Sabbath-breaking," and fixes penalties therefor; but in none of the statutes is the execution of a contract on a legal holiday prohibited either expressly or by implication; or, for that matter, on Sunday either.

Concerning the difference between the legal status of Sunday and a holiday other than Sunday, the following language of the court in *Glenn v. Eddy*, 51 N. J. Law 255, cited with approval in *State v. Superior Court*, 49 Wash. 1, 5, is instructive:

"The statutory declaration that these days shall be legal holidays does not indicate an intent to assimilate their status to that of Sunday. 'Holiday' in its present conventional meaning, is scarcely applicable to Sunday: *Phillips v. Innes*, 4 Clark & F. 234. It is applicable to all, and has long been applied to some of the days named. When the statute declares them to be legal holidays, it does not permit a reference to the legal status of Sunday to discover its meaning. For it proceeds to interpret the phrase, so far as it is prohibitory, by an express enactment declaring what shall not be done thereon. What it thus expresses is prohibited; what it fails to prohibit remains lawful to be done. The plain intent of the statute, therefore, is to free all persons, upon the days named, from compulsory labor and from compulsory attendance upon courts, as officers, suitors, or witnesses. Its true interpretation will limit the prohibition with respect to the courts to such actual sessions thereof as would require such attendance."

As there is nothing in the Washington statutes which would prohibit the execution of a contract on a legal holiday, it follows that the execution, acknowledgment and delivery of a note and mortgage on that day would be perfectly valid.

#### GUARANTY OF CHECKDRAWER'S SIGNATURE TO DRAWEE.

Opinion that, apart from exceptional case where customer cannot write, bank has no right to require guaranty of drawer's signature to check as a condition of payment and that refusal to pay genuine check without such guaranty would be a dishonor for which bank would be liable to drawer—Payment of forged check, even though signature guaranteed, could not be charged to customer's account.

From South Dakota.—Will you have the kindness to advise us if we could be held responsible by our depositor in the following case?

We have an account with a non-resident whose signature we also have on file. We are just in receipt of a telegram from a bank in the State of Washington asking us whether we will honor this customer's check for \$1,600, to which we replied by American Bankers Association Code message that we would, upon their securing identification and guaranteeing the genuineness of the signature.

In this morning's mail we received the item without any indication that our instructions had been complied with. We immediately wired them that we were holding the item, at the same time asking them whether they would guarantee the signature to be genuine, and advising that we would not pay the check unless they did so.

We should like to know if, upon the guarantee of that bank, which at the present time we regard as solvent and responsible, we should pay this item, and later it should develop that the signature was a forgery, and in the meantime the guaranteeing bank should become defunct, would we be held liable to our customer for the amount paid?

In the event that this bank should refuse to guarantee the genuineness of the signature and we in turn should refuse to cash the check, could the customer sue us for damages if it developed later that the signature was genuine?

As I understand the law, a bank is presumed to know the signature of its customer and is bound, when having sufficient funds to the customer's credit, to pay his checks to any bona fide holder thereof when duly presented. I do not think there is anything in the implied contract for payment of checks between bank and customer which would give the right to the bank to make its payment conditional upon the holder's guaranteeing the genuineness of the customer's signature, unless possibly in some exceptional case where the customer could not write and made his signature by mark and witnessing; at all events, I am not aware that it has ever been held that a bank would have the right to require guarantee of customer's signature as a condition of payment.

If the above is correct, then answering your specific questions, (1) if the holder bank should guarantee the genuineness of the customer's signature and you should pay the check and the signature should prove to be forged, you could not charge the amount paid to your customer's account, and (2) in the event the holder bank should refuse to guarantee the genuineness of the signature of your customer to a check and you should refuse to pay the check without such guarantee, and the signature was genuine, I think you could be held liable to your customer in damages for dishonoring his check and injuring his credit.

**ORAL STOP PAYMENT—STALE CHECK.**

**Notice not to pay a check may be given orally, as well as in writing—Question whether check outstanding more than year from date is stale as to place duty of inquiry on bank before payment.**

From Oklahoma.—Will you kindly advise us just what constitutes a stop payment of a check?

John Jones issued a check on our bank and claims to have stopped payment thereon a few days thereafter. About one year later the check was presented and paid, there being no record of a stop-payment against it.

This party is now threatening suit against us for the amount of the check. The management of the bank has changed since this affair took place, but none of them then in the employ of the bank can remember of Mr. Jones ever instructing them to stop payment thereon. He claims that he can prove by a witness that he instructed a teller (who since has died) to stop payment on the check, but does not hold an acknowledgment of the stop-payment order.

Can you furnish us with a decision in a parallel case?

A notice or order not to pay a check may be given orally as well as in writing. People's Savings Bank & Trust Co. v. Lacey, 146 Ala. 688, wherein it was held, in an action by a depositor against a bank for the amount of a check in which the defense was payment, that the plaintiff may prove an oral notice to the receiving teller not to pay, given before the check was paid. In your case, if the depositor can prove an oral instruction not to pay, he can recover, unless on your part you can prove that the check, when paid, was in the hands of a holder in due course, who, if it had not been paid, could have compelled the drawer to pay it to him. If such should prove to be the case, then, probably, it would be a good defense.

Irrespective of any question of the giving of an instruction not to pay, the further question arises whether, when a check is not presented until one year after date, it should not be regarded as stale so as to place a duty on the bank to make inquiry of the drawer before making payment. The question of the precise period of time when a check becomes stale has never been satisfactorily settled by the authorities. In a case in South Carolina where the point was raised it was held that a check drawn on Christmas Eve did not become stale in six days. Merchants v. Planters' Nat. Bank v. Clifton Mfg. Co., 56 S. C. 320. Doubtless a check could be outstanding a much longer period than this before it would become stale, but it is doubtful whether, when outstanding more than a year, the bank could safely pay such a check without first making inquiry of the drawer.

**MARRIED WOMAN AS SURETY IN PENNSYLVANIA.**

**Married woman, by statute, is under disability to become accommodation indorser, maker, guarantor or surety for another—Citation of decisions showing detailed development of the law.**

From Pennsylvania.—In reading the March number of the JOURNAL, I notice decisions quoted in reference to a married woman's liability on a note under the laws of New Jersey. This matter has

always been a question in my mind, and I beg to inquire whether, in your opinion, the laws of Pennsylvania would operate in the same manner. I had this matter under discussion with some of my directors a short time ago, and referred it to an attorney, but did not get the desired information. If you can give me any light on this subject, it would be greatly appreciated.

From Pennsylvania.—In the March number of the Association JOURNAL, under the heading "Married Woman's Note," you answer questions of a New Jersey correspondent which are of particular interest to us, and we wish to inquire whether the same rulings would apply to Pennsylvania. If the Pennsylvania law differs in any respect from the New Jersey law in this particular, we would be pleased to have your opinion on the same questions asked by the New Jersey correspondent. We have been subject to the same doubt on this subject as the New Jersey writer, and any light you may be able to give us will be very much appreciated.

In the March JOURNAL (page 597) the law of New Jersey was shown to be that a married woman had no capacity to bind herself as surety or accommodation indorser for another unless her separate estate derived a benefit, no matter what the form of the contract; but that a married woman in New Jersey could make a note for a loan to herself although intending to turn the money over to her husband.

In Pennsylvania there is the same general disability of a married woman to become surety in any form for another. The following statement is the result of a careful investigation of the Pennsylvania law, showing the statute and decisions on the subject and indicating the detailed development of the law.

The Pennsylvania statute provides as follows:

"Hereafter a married woman may, in the same manner and to the same extent as an unmarried person, make any contract, in writing or otherwise, which is necessary, appropriate, convenient or advantageous to the exercise or enjoyment of the rights and powers granted by the foregoing section, but she may not become accommodation indorser, maker, guarantor or surety for another. \* \* \*"—Purdon's Dig. Pa. (13th Ed., 1903), p. 2451.

Before the act of June 3, 1887, P. L. 332, and this act, the capacity of a married woman to contract was exceptional, and her disability general. Now her capacity is general and her disability exceptional; and when she seeks to avoid her contract, the burden is on her to bring it within one of the few exceptions. (Abell v. Chafee, 154 Pa. St. 254; Hanar v. Cronney, 13 Pa. Co. Ct. 193; Allen v. Johnson, 13 Pa. Co. Ct. 218; Stephan v. Hudock, 4 Pa. Super. Ct. 474; Wentzel v. Cherry, 2 Blair Co. 360; Children's Aid Society v. Benford, 26 Pa. Super. Ct. 555; Cassidy v. Scott, 30 Pa. Co. Ct. 490.)

In Pennsylvania every restriction imposed by the common law upon the capacity of a married woman to contract has been removed, except in two cases: (1) she cannot become accommodation indorser, or maker, or guarantor or surety for another; and (2) she cannot, unless her husband joins, convey or mortgage her real estate. In the first she has no power whatever to contract; in the second she has no power unless in the express mode pointed out by the statute. Peter Adams Paper Co. v. Cassard, 206 Pa. St. 179.

A married woman has full power to bind herself in any manner, except as a surety, by any species of obligation, and the established rules relating to con-

tracts apply to those made by her; but she cannot in any form or by any device become bound for the debt or default of another, except by deed or mortgage. *Hazleton National Bank v. Kintz*, 24 Pa. Super Ct. 456.

When a married woman is in reality only an accommodation indorser, she cannot be held liable upon her indorsement. *Patrick v. Smith*, 165 Pa. St. 526; *Bank v. Short*, 15 Pa. Super. Ct. 64. But when a woman becomes accommodation indorser of a promissory note while single, she may, after marriage, renew such indorsement and be held liable thereon. *Harrisburg Nat. Bank v. Bradshaw*, 178 Pa. St. 180.

Notes on which a married woman is accommodation maker for her husband, though invalid, are a sufficient moral obligation to support renewals thereof made after the husband's death; and the fact that the renewal notes were antedated to a period preceding the husband's death will not affect their validity, if they were not antedated for a fraudulent purpose. *Brooks v. Merchants' Nat. Bank*, 125 Pa. St. 394; *Rathfore v. Locher*, 23 Lanc Law Rev. 101.

It was held in *Harper v. O'Neil*, 194 Pa. St. 141, that when in an action against a married woman upon a note made by her and indorsed by her husband, the plaintiff proves that he loaned the money to the husband, the court should give binding instructions in favor of the defendant; and that neither the fact that the money was borrowed to pay for services rendered to the wife, nor the fact that she was the maker of the note, will give rise to a presumption which shifts the burden of proof, and requires that the case go to the jury.

An affidavit of defense by a married woman averring that she is not indebted to the plaintiff, but that she signed the note as a guarantor, is sufficient in a suit against her and her husband on a note signed by both. *Abeles v. Powell*, 6 Pa. Super. Ct. 123. A wife cannot authorize her husband or any one else to bind her on a contract of guaranty. *Most v. Horner*, 18 Pa. Co. Ct. 161.

When a married woman, though apparently a principal, is in reality only a guarantor or surety, she cannot be held liable upon her undertaking. *Mingle v. Murray*, 6 Pa. Co. Ct. 81; *Wiltbank v. Tobler*, 181 Pa. St. 103; *Stahr v. Brewer*, 190 Pa. St. 521.

Her liability is not to be determined by the form of the obligation alone, if the object thereof was to evade the statute; and evidence is admissible to show that the liability was assumed solely for the benefit of the husband, and at his request, and without any negotiation between her and the plaintiff. *Sibley v. Robertson*, 212 Pa. St. 24.

A married woman cannot be sued on an instrument which is in itself a contract of suretyship only, although she might have the capacity to incur the kind of indebtedness for which the instrument was given. *Wiltbank v. Tobler*, 181 Pa. St. 103; and a wife's promise to pay a bill rendered her husband for medical services to her makes her his surety; and though she may pay the bill in her lifetime, if she does not, her estate is not liable on her promise after her death. *Gross' Estate*, 15 Pa. Dist. Ct. 38. The wife's contract will be regarded as one of suretyship or guaranty where she joins her husband in the execution of a promissory note, given in renewal of

notes drawn by her husband and indorsed by her. *Wiltbank v. Tobler*, *ubi supra*. Or where she indorses her husband's note drawn to her order and delivers the same in payment of his debt. *Henry v. Bigley*, 5 Pa. Super. Ct. 503.

However, in *re Young's estate* (Pa. 1912), 83 Atl. 201, it was held that where a bank discounts a note by a wife to her husband's order, which is indorsed by him, the bank having knowledge that she is a surety, and upon the husband becoming a lunatic the bank takes a new note from the wife, made by her, and indorsed by her sister, and after several renewals thereof the sister dies, her administrator cannot resist payment on the ground of the invalidity of the original note as against the wife, under Act May 16, 1901 (P. L. 202), Section 57, providing that a holder in due course holds the instrument free from any defect of prior parties, and from defenses available to private parties among themselves, and Section 66, providing that every unqualified indorsement shall be held to warrant that the instrument is genuine, that the indorser has good title, and that all prior parties had capacity to contract.

In the course of the opinion the court said: "It is well settled that when a new debtor is substituted by way of novation for the original debtor, there is a sufficient consideration for the new debtor's note as for his own debt. 7 Cyc. 702. The fact that originally the debt was that of the husband of Mrs. Vincent, and not enforceable at law against her, puts no different aspect on the case. A moral obligation rested on Mrs. Vincent to pay the debt, as she had contracted to do. Her legal exemption from liability was a personal privilege of which she might or might not choose to avail herself. *Leonard v. Duffin*, 94 Pa. 218; *Rathfore v. Locher*, 215 Pa. 571, 64 Atl. 790. It follows that when the first note was given with *Parthenia Young* as indorser a consideration moved directly to Mrs. Vincent in the extension allowed her to redeem her moral obligation. The bank then being the holder in due course, for value, is entitled to the protection which our act of May 16, 1901 (P. L. 194), relating to negotiable instruments gives."

#### REVOCATION OF CHECK BY DEATH OF DRAWER.

**Death of drawer revokes authority of bank to pay his outstanding checks wherever the rule prevails that a check is not an assignment, except in a few States where special statutes authorize payment within a limited period after death.**

From Illinois.—One of our depositors having died we refused to honor outstanding checks of the deceased presented for payment after we had received notice of his death, though there were funds to the credit of the deceased sufficient to pay at least part of the outstanding checks and perhaps all of them.

The holder of one of the checks now brings suit against us for the payment of his check, claiming that we should have paid it when presented, as there were funds to the credit of the deceased at the time when first presented. This is true, but we claim that the death of the maker revokes all outstanding checks and that we are correct in our refusal to honor them.

The Negotiable Instruments Law has been in effect in this State since about 1907. We have been informed on pretty good authority that our stand is correct, but that this question has not been passed

upon by the courts of this State since the passage of the Negotiable Instruments Law.

We would like your opinion in the matter and can you cite us cases and decisions in some other States, where the Negotiable Instruments Law is in force and where the courts have passed on this question.

In this instance it is questionable whether the estate of the depositor is solvent.

Before the enactment of the Negotiable Instruments Act, the doctrine obtained in Illinois, that a check constituted an assignment to the payee or holder who had a right of action against the bank if it refused payment upon presentment, when in funds, and as a result of this doctrine the death of the drawer did not affect the holder's right to payment by the bank.

But the enactment in 1907 of the Negotiable Instruments Act in Illinois abrogated this doctrine. Section 189 of that Act (188 Ill. Act) provides:

"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 doctrine, the holder of an unaccepted check has no right of action thereon against the bank which refuses to pay it, whether the refusal be because of a stop order or because of the intervening death, bankruptcy or insanity of the drawer or even where the bank's refusal is wrongful; in every such case, the holder's sole recourse is against the drawer (or his estate) and prior parties, and in any case where the bank's refusal is wrongful, as by mistakenly dishonoring a good check, it is answerable to the drawer in damages.

The above being the general results of the doctrine, I do not see upon what ground the holder of the check has any right of action against your bank thereon, and I think his recourse is confined to the estate of the drawer or to a prior indorser, if any.

You ask for authorities under the Negotiable Instruments Act to support the proposition that death of the drawer revokes the authority of the bank to pay his check. I am not aware that any case has been decided under the Negotiable Instruments Act of any State in which this proposition has specifically come before the court and been upheld; but in States and jurisdictions wherein the doctrine that a check did not constitute an assignment prevailed before or apart from the act, there have been decisions in support of this proposition; the cases are not numerous, but they are all to the same effect.

The earliest case comes from England, *Tate v. Hilbert*, 2 Ves. Jr. 118, and is to the following effect: The death of the drawer before presentment of the check operates as an absolute revocation of the power of the bank to pay upon his check. At the instant of this death the title to his balance vests in his legal representatives and his own order is no longer competent to withdraw any part of that which is no longer his own property.

In 1901 the Court of Appeals of Kentucky, in *Weiland's Adm. v. State National Bank*, 112 Ky. 310 (decided before the passage of the Negotiable Instruments Act) used this language:

"The decided weight of authority is that the death of the drawer operates as a revocation of

the check; but if the check be paid by the bank before notice of the death of the drawer, it seems that the payment will be held valid . . . it may sometimes happen that revocation of a check by death will result in loss or inconvenience to the payee. But such things cannot change and ought not to change the well-settled rule of law governing such transactions."

In *Pullen v. Placer County Bank*, 138 Cal. 169, decided by the Supreme Court of California in 1902 the bank paid a check after having been informed of the death of the drawer. The check was a gift to the payee. The representative of the estate sued the bank and recovered. The court said:

"A check is only a direction to the bank to pay a certain sum of money to the person therein named. The money does not thereby become the property of the payee, nor is it placed beyond the control of the depositor. Until it is presented to the bank, the drawer may countermand its payment or he may direct a different disposition of the moneys to his credit in bank. Neither does a check of itself, before presentation, operate as an assignment to the payee of the money for which it was drawn. If it could be held that by drawing a check the drawer thereby assigned that amount of money to the payee, it would follow that the money represented by the check became thereby the property of the payee and that he could maintain an action against the bank for its recovery; subject to any defense that the bank might have against the depositor; but the almost universal line of authority is that such action cannot be maintained. The bank upon which a check is drawn is under no contract with the payee and is under no legal obligation to him, and its refusal to pay the check does not give to the payee a right of action against it."

California has not, as yet, adopted the Negotiable Instruments Act, but the same "check not an assignment" rule prevails in that State as under the act. The conclusion of the court in this case was that death of the depositor revokes the bank's authority and the payment was unauthorized; that the money on deposit held by the bank at the time of the death of its depositor was a part of his estate and the bank was liable to the estate therefor.

In *American Trust & Banking Co. v. Boone*, 102 Ga. 202, it was held that an adjudication of the drawer as insane will revoke the authority of the bank to pay his outstanding checks.

I trust that the above will be sufficient for your purposes. Most of the decisions have been made in cases where the bank has paid after death and has been held liable rather than in cases where the bank has refused to pay and the holder has sought to enforce payment. I am clearly of opinion that after the death of your customer your refusal to pay his outstanding checks was rightful; for otherwise you would have rendered yourself liable for the amount to his estate. It would not be unreasonable to assume that the action has been brought against you under a misapprehension as to the present Illinois statute and in the belief that the old "check is an assignment" doctrine is still in force. This doctrine exists in Minnesota, and under it the Supreme Court of that State has recently held in *Wagstaff v. First National Bank of Blue Earth*, 134 N. W. 224, that the death of the drawer does not revoke a check in the hands of the payee, and the bank is liable to him thereon. Minnesota has not yet adopted the Negotiable Instruments Act. But this doctrine no longer prevails in Illinois,

and under Section 189 of the Negotiable Instruments Act (188 Ill. Act) you, as drawee, are under no liability to the holder of an unaccepted check where you have refused payment, and such non-liability does not rest alone upon the narrow basis that the drawer's death revoked the check, and if you had paid after notice thereof you would have been liable to your depositor's estate, but upon the broader basis that, under the section referred to, the holder of an unaccepted check has no right of action against the bank upon which drawn for refusing to pay it, no matter what the ground of such refusal.

In a few States special statutes authorize payment of checks within a limited period after the drawer's death, but there is no such statute in Illinois.

**CHECK FOR ENTIRE DEPOSIT.**

**Where husband, critically ill, draws and delivers to his wife a check for "all of my deposit," opinion that bank would be safe in paying wife, after drawer's death, on ground that check constituted an assignment and its delivery completed a gift causa mortis, by virtue of which deposit belonged to wife and not to husband's estate.**

From Georgia.—One of my depositors on finding that he was critically ill, and did not know the amount of his deposit with my bank, had a check written in favor of his wife as follows, which he signed in the presence of two witnesses:

**The Farmers' Bank.**

"Pay to the order of Mrs. John Doe \$..... all of my deposit ..... Dollars.

Witnesses.

(Signed) John Doe."

Since this time the party had died, and his wife is likely to present this check at any moment. Can I safely pay this check according to the laws of Georgia without loss?

In the light of a recent decision by the Kentucky Court of Appeals in *Weber v. Salisbury*, 148 S. W. 34, I think you would be fairly safe in paying the deposit to Mrs. John Doe. In that case a man, mortally wounded, drew an order on the bank similar to that in your case and witnessed reading: "Please pay all the money which I have on deposit with you which is something more than two thousand dollars," to the payee named. The only added fact in the Kentucky case was that the payee took the order to the bank before death of the drawer and showed it to the cashier, saying that he did not want the money unless the drawer died, and the cashier said he thought it would be all right. This, however, was not an acceptance of the order. After the drawer's death, the bank refused to pay it and, being sued by the payee, the court held that there was an equitable assignment of the fund which was a sufficient constructive delivery for the order to take effect as a valid gift *causa mortis*.

To constitute a valid gift *causa mortis* there must be a delivery of the property in expectation of death, and the donor must die as anticipated. The doctrine applies not only to personal property capable of manual delivery, but to notes, bonds, certificates of stock and other choses in action. In the case of

an ordinary bank check, however, for a part of the deposit, intended as a gift by drawer to payee, the generally prevailing rule being that the check is not an assignment of the fund in bank, but a mere revocable order on and authority to the bank to pay, the trouble is the courts do not regard the handing over of such a check to the payee as the delivery of anything sufficient to constitute a completed gift. To cite a single case, *Pullen v. Placer Co. Bank*, 138 Cal. 169. A father drew a check in favor of his son and delivered it to him as a gift, not to be presented until after the father's death. The son presented the check after his father died, and with knowledge of such death the bank paid it. The court held the property the father intended to give was the money on deposit in bank, the check was merely a means of obtaining and not an assignment of the money, and it was revoked by death of the drawer at which time the gift was not completed. Payment of the check by the bank was, therefore, unauthorized, and the bank remained liable to the drawer's estate. In Georgia, the rule likewise obtains that a check for part of a deposit does not constitute an assignment, but is a mere order to pay, *Reviere v. Chambliss*, 120 Ga. 714, and were the check in question for part only of the deposit in bank there would be danger in paying it.

But it is generally held that where an order on a bank for the entire amount of a deposit is delivered for value, this constitutes an assignment to the payee which the subsequent death of the drawer cannot revoke. Such was the nature of the check in your case except it was not given for value but as a gift. But being an assignment by way of gift in anticipation of the death which followed, it was different from a mere order on the bank to pay, and the delivery of the assignment was a sufficient delivery to complete the gift and constitute a valid *donatio causa mortis*. This was the view taken in the Kentucky case, and I think it would be so held in your case. Persons who are taken critically ill, with early death impending, often have no time or opportunity to cause a will to be drawn in proper statutory form, and where, as in this case, a check for the entire deposit is drawn and given to the wife in view of impending death, I think your courts would hold it as a valid gift *causa mortis*, completed by a delivery of the assignment of the bank account. If so the payee, the wife, would be entitled to the money and the deposit would not belong to the husband's estate.

**ACTION AGAINST BANK FOR USURY.**

**Admissibility of parol evidence to prove usury, where not proved by note itself.**

From Oklahoma.—A made us a note for \$193, due in ten months from date, with interest from maturity at 10 per cent. per annum. We collected this note when due, and since that time A sued us for usurious interest to the amount of double the interest we collected on the deal at the time it was made. A introduced the original note as their material allegation in their bill of particulars, and we objected to any other parol evidence being introduced to alter or change the terms of this note, and the court (Justice Court) sustained our objections and we won the case. A is now taking an appeal to the County Court. Kindly let us have your opinion whether you think the upper courts will sustain the lower court

on the point of "parol evidence" in this case. All interest was shown in the original note in the face, and they pleaded the original note as their case.

This is a case, as I understand, where in an action against your bank for usury, the original note showing the interest on its face was pleaded as the material allegation of the plaintiff, and the note, being insufficient of itself to prove usury, the court refused to allow parol evidence thereof, and dismissed the case. Your question is whether the county court will be likely to sustain the lower court in its ruling rejecting parol evidence or usury.

Of course, in general, the principle is well settled that no proof can be offered of matters not put in issue by the pleadings—that the proof must conform to the allegations—but the decisions seem to establish the proposition that "in supporting an allegation that a written obligation honest on its face is really corrupt and usurious, all material circumstances connected with its execution that tend to show its real nature may be freely shown by parol. Any other rule would make it impossible for the court to detect usury in most cases, and render usury acts meaningless." 39 Cyc. 1054 and cases cited.

In *Scott v. Lloyd*, 9 Pet. (U. S.) 418, the court held that where the instrument itself does not expose the usury, the real corruptness of the contract must be shown by extrinsic circumstances, which prove its character.

In *Whildon v. Milledgeville Bank Co.* 3 Ga. App. 69, the court said it is well settled that the plea of usury "may be proved by parol."

In *France v. Munro*, 138 Iowa, 1, 7, the court said: "It is no answer to say that this conclusion involves a disregard of the rule against parol testimony to vary the terms of a written contract. The game of hide and seek between the usurer and the law is not the product of recent evolution, and the rule has long been settled that, as in the case of fraud in general, the rule referred to will not be allowed to exclude proof of the true nature of a contract into which the usurer is alleged to have entered. (*Seekel v. Norman*, 71 Iowa 264; *Train v. Collins*, 2 Pick. 145; *Scott v. Lloyd*, 9 Pet. 418)."

In *Roasenda v. Zabriskie*, 13 La. 346, the court held that the plea of usury would be hardly available in any case if those who rely on it were bound to prove it by a counter letter or other written evidence.

From the above authorities it would seem that in a case such as yours, where an action is brought for usurious interest and the note, pleaded as the material allegation in support of the usury, does not itself indicate that the transaction was usurious, parol evidence would be admissible to prove the usury.

#### LOST SAVINGS PASS-BOOK.

**No necessity for bond of indemnity before paying money or issuing duplicate, except where bank uncertain as to identity of depositor or claimant—Decisions cited relative to bank's right to require indemnity by virtue of by-law provisions.**

From Pennsylvania.—In case a savings pass-book is lost and cannot be found and application is made for a duplicate book, is a bank safe to issue a dupli-

cate book without procuring a bond of indemnity from the depositor to protect the bank should the lost book be found?

No money is ever paid out unless the book is presented, and then only on the known signature of the depositor, but the depositor may later find his book and attempt to withdraw money as shown by the original book, and hence the feeling that a bond of indemnity should be required. I should like to know the usual custom in such cases.

I think, ordinarily, a bank is safe in issuing a duplicate savings pass-book to a depositor when he claims it is lost and cannot be found, without requiring from him a bond of indemnity to protect the bank. Such a pass-book is not a negotiable instrument, and if, instead of being lost, it has been assigned, the assignee could not enforce payment from the bank which had issued the duplicate before notice of the assignment. Nor can I see how the bank would be jeopardized if, as suggested by you, the depositor should afterwards find his original book and attempt to withdraw the money as shown thereby. He would, of course, have no right to receive payment on the original book, but only on the duplicate, and I should suppose the account kept by the bank would clearly show that a duplicate had been issued, so that, if the original was presented, there would be no danger of a mistaken payment being made thereon through fraud of the depositor. In New York, I understand, the practice is not to issue a duplicate book, but to close out the account and, after thirty days' notice of loss by advertisement, issue a new book to the depositor on a new account. In this situation there could be no danger of paying by mistake on presentation of the old book.

The only possible necessity for requiring indemnity that I can see is in a case where the bank is not sure of the identity of its depositor. That is to say, you have a savings account with John Smith. A person comes to the bank who claims to be John Smith, says he has lost his book, and requests a duplicate or a new book. You do not know him personally as John Smith. His signature looks like that of John Smith, but you are not quite sure, and while he answers with reasonable correctness the test questions which you have on file, there is still a possibility that he is an impersonator. If in such a case it should turn out that he was not John Smith, and you had issued a new book to him and paid him the deposit thereon, the real John Smith all the while holding his book and being in ignorance of what had transpired, you probably would remain liable to the latter, unless it should be held, which is extremely doubtful, that you had fulfilled the requirement of reasonable care in paying out his money and was no longer responsible to him. If there was any real danger of mistaking the identity of the depositor applying for a duplicate or new book, there would seem to be a necessity for requiring indemnity in any such case which would protect you if the applicant was not the owner of the deposit as claimed.

I suggest this possible necessity for indemnity in view of the language of the court in *Bayer v. Commonwealth Trust Co.*, 129 S. W. (Mo.) 268. In that case the statute authorized savings banks to make reasonable rules governing the conduct of their business. The rules of the bank provided for the execution of a bond of indemnity as a prerequisite to pay-

ment on a lost book. A depositor, who claimed to have lost his book, demanded his money and refused to execute a bond. The court held that, as the bank was satisfied that the depositor was the right person and there was no question as to his identity, it was not entitled to require a bond. It said:

"The reason which justified the adoption of the rule requiring bond before payment of money, after loss of a pass-book, is the necessity for protecting defendant against the possibility of being compelled to again pay should some other person produce the pass-book. It logically follows that when, in a given case, the defendant has no reason to fear that any loss might occur in that way, then there would be no reason for requiring the bond. These pass-books are not negotiable. Hence, if the amount deposited was paid to the person who deposited it before receiving notice of the transfer of a pass-book, such payment would be an absolute protection to the defendant against any demand that might subsequently be made by one having the pass-book in his possession, so that the real necessity for requiring bond in such a case would be to protect the bank in case a mistake was made in the identity of the person to whom they were paying the money. In this case there was no question about the identity of the depositor. The officers of defendant were fully satisfied that he was the right party, and that his pass-book had been lost or stolen, and under these conditions it would seem entirely useless to require the depositor to give a bond to protect the defendant against a repayment of the money when no such contingency could be made possible. Had there been any question as to the identity of the depositor, then in that event, the right of defendant to insist on the bond of indemnity would have been absolute, and plaintiff could not, and ought not, to have recovered the money until the bond was furnished; but, under the evidence in this case, the court was justified in holding that the bond should not have been required."

There have been a number of conflicting decisions as to the right of a bank to require a bond of indemnity before paying or issuing a duplicate for a book claimed to be lost. In the absence of any by-law on the subject which would constitute a contract between bank and depositor, the bank would not be upheld in a demand for indemnity.

In New York one of the lower courts held, in 1885, *Mitchell v. Home Sav. Bank*, 38 Hun, 255, that where a by-law expressly required indemnity, this was a contract and the bank would be sustained in its refusal to pay without; but a rule requiring production of the book upon receiving payment does not entitle the bank to require indemnity, *Warhus v. Bowery Sav. Bank*, 21 N. Y. 543; *Mierke v. Jefferson Co. Sav. Bank*, 134 N. Y. Supp. 44; and a by-law that "in case of lost books, the bank will decide as to the person to whom payment is to be made," was construed not to entitle the bank to require indemnity where the circumstances showed that the demand therefor was unreasonable and unnecessary. *Mills v. Albany Exchange Sav. Bank*, 28 Misc. 251.

In New Jersey, a by-law concerning lost books provided that "in cases of doubt as to the identity of depositors or claimants, the board may require such testimony and security as they may deem necessary." A depositor lost her book. There was no doubt as to her identity. The bank refused to pay without indemnity. The court held she was entitled to payment without giving indemnity. *Wagner v. Howard Sav. Inst.*, 52 N. J. Law, 225.

In Rhode Island, where a by-law required production of the book, it was held no indemnity could be required in case of loss as a prerequisite of payment, following the *Warhus* case in New York. *Palmer v. Provident Inst.*, 14 R. I. 68.

A case decided in New Hampshire in 1865 is to the contrary. The court held the contract called for production of the book, and as it was not produced, the depositor could not recover without offering indemnity. *Heath v. Portsmouth Sav. Bank*, 46 N. H. 78.

In Michigan, by a divided court, it was held that a rule requiring production of pass-book did not entitle bank to indemnity in case of loss. *Vincent v. Port Huron Sav. Bank*, 147 Mich. 437.

Without further citation, it is seen that the authorities are not uniform. Where there is no by-law constituting a contract between bank and depositor, the bank cannot require indemnity; where there is a by-law requiring production of the pass-book, or making some provision for security in case of payment on lost books, the tendency of the more recent cases is not to uphold the bank's right to indemnity unless some necessity therefor is shown, as might be the case where the bank was in doubt as to the identity of the depositor.

You ask as to the usual custom of banks in the matter of requiring indemnity. I do not know that there is any uniform custom; but I have endeavored to show that, ordinarily, there is no necessity for such a requirement, the pass-book not being negotiable, and that only in case there is some uncertainty as to the identity of the applicant may it be necessary for the bank to secure itself against paying or issuing a duplicate to an impostor; furthermore, in view of the decisions and in order to meet any such necessity, the bank should adopt a suitable by-law giving it a right to require indemnity in necessary cases.

#### POWERS OF NATIONAL BANK.

##### Power to donate services of clerk in aid of an outside enterprise.

From Illinois.—We wish to know if a bank would be violating the National Bank Act by furnishing a clerk for a party having a public sale and the bank standing the expense. This is being done, as we hear, for the purpose of getting business for the bank. Would this be termed "buying business"?

National banks, as well as other banks, provide a number of facilities gratuitously for the benefit of their customers, such, for example, as the furnishing of blank check books, pass-books and the like, the distribution of pocket diaries, calendars, books containing technical information and numerous other articles of utility. The right or power of a national or other bank to furnish such gratuities has never, so far as I know, been brought into question; about the only way the question would be likely to come up would be by action of some dissatisfied stockholder who might complain of the use of the bank's funds in some such way. And the decision would probably be that the furnishing of such gratuities to a reasonable extent was within those implied powers of a bank which are necessary to carry into effect the powers

specifically granted. For example, banks not infrequently make free collections for customers, and the courts have held the making of such collections is within the implied powers of a bank and the advantages accruing from doing the business are a good consideration.

Concerning donations, it has been held where the president of a national bank signed its name to a subscription paper obligating the bank to donate \$200 to certain persons on condition that they would erect a paper mill in the city of K., that the making of donations of its funds to aid in the building of a paper mill was not legitimate business of the bank; the act of the president was therefore beyond his authority and the bank was not bound by the agreement made. *Robertson v. Buffalo County National Bank*, 40 Neb. 235.

Likewise it might possibly be held that the donation by a national bank of the services of a clerk to assist certain persons in conducting a public sale was not strictly legitimate business, but in the present instance the donation would have been made, as distinguished from merely promised, and unless the matter was serious enough for some stockholder to step in and object, there would seem nothing to prevent a bank thus using one of its clerks in aid of increasing its business. Certainly it would not be such a serious violation of the National Bank Act as to call for a forfeiture of the bank's charter.

#### GARNISHMENT OF BANK.

**Bank receiving telegraphic request from correspondent to pay a specified person a certain sum, not subject to garnishment by creditor of such person prior to receipt of remittance from correspondent.**

From Washington.—Please give us your opinion as to what our answer should be where we receive a telegram from an eastern bank requesting us to pay a party here \$100, and the fact of our having received this telegram reaching the ears of a creditor of the party who was to receive the money, the creditor attempts to garnishee the money in our hands prior to our receipt of the draft from the eastern bank. In other words, can we be garnisheed on a telegraphic transfer before we receive the remittance to cover?

I do not think the garnishment would hold, because you are not indebted to the person who is to receive the money at the time of service of the writ. At such time you have received nothing to his credit which would create an indebtedness on your part, payment of which could be enforced by him. Nor would the subsequent receipt of funds for his credit render you liable, for "the general rule is that a party can only be held as garnishee for the amount due the principal defendant at the time the process is served upon him, and where a party is indebted to the principal defendant in an amount which is increased after the service of process and before he files his answer, he is liable to a judgment only for the amount due at the time of service of process." 20 Cyc. 1,005-6 and cases cited.

Your answer, therefore, should be to the effect that you were not indebted to and held no property or effects of the principal debtor at the time of the service of process.

#### BANK COLLECTION.

**Liability of collecting bank for neglect to follow instructions—Amount of damages.**

From California.—On January 18, 1913, this bank forwarded for collection to another California bank, note of our client, dated January 10, 1903, maturing February 15, 1903, the note being made in Iowa on a form used by the bankers of that State, with instructions to collect, secure new note or place in the hands of an attorney for collection, provided collection could be made on a 10 per cent. basis by the attorney, or failing in either of the foregoing, to return the note to us within ten days from the receipt of same by them, that it might be otherwise handled by us before the statute of limitations cancelled same. They acknowledged receipt of note on January 20, 1913. Said bank failed to follow instructions, returning the same to us on February 15th, with notation that maker was unable to pay the same, upon receipt of our wire of February 14th, asking them to advise fate of the collection.

We wish to know if, under process of law, we do not have recourse on the bank mentioned for failing to comply with our instructions, holding them for the entire amount of the note.

A bank which receives a note or bill for collection is charged with the duty of using due diligence in the premises—generally speaking, it must cause due presentment to be made and the necessary steps taken on dishonor—and where there are any special instructions, the collecting bank, by accepting the agency, undertakes to observe and carry out such instructions. *Merchants' & Manufacturers' Bank v. Stafford Nat. Bank*, 44 Conn. 564. In the present case, a bank in California forwarded to another bank in the State a note payable in Iowa which had matured nearly ten years previous, with instructions to collect, obtain a new note or place in the hands of an attorney for collection on a 10 per cent. basis, and failing in either of the foregoing, to return the note within ten days of its receipt. While these instructions called for considerable diligence upon the part of the agent bank, this diligence was necessary in view of the fact that the statute of limitations of Iowa (Code 1897, Tit. XVIII, Chap. 2, Sec. 3447, Sec. 7) requires that an action be brought upon a written contract "within ten years," and there was little time remaining before the note would be outlawed. In other words, the note was received by the agent bank on the 20th of January and its return in ten days would leave the owner but two weeks to arrange for beginning an action thereon in Iowa. It would seem that the agent bank, by acknowledging receipt of the note, accepted the agency and undertook to carry out the specific instructions, and that its failure to follow such instructions and return the note within ten days, holding the same for over two weeks thereafter and until it was outlawed, was a neglect of duty on its part which would render it liable to the owner bank for any damage thereby caused.

Upon the question of amount of damages, the following authorities are pertinent:

In *Merchants' & Manufacturers' Bank v. Stafford National Bank*, supra, the court said: "The important question, however, in the case is as to the amount of damages which were sustained by the plaintiffs in consequence of the defendant's neglect. The agent, by neglecting any part of his duty, does not necessarily become responsible for the whole debt. The damages are not necessarily commensurate with the



amount of the draft which has been remitted for collection. 'A person acting on commission, who by his misconduct has brought loss upon his principal, is responsible to the precise extent of the loss produced by that misconduct.' *Hamilton v. Cunningham*, cited supra (2 Brock. 350); *Van Wart v. Wooley*, 3 Barn. & Cress. 439; S. C., M. & M. 520."

In *Sahlhen v. Bank*, 90 Tenn. 221, it was held that a bank, though negligent in the discharge of its duties as collecting agent, is not liable to its customer for a claim placed in its hands, unless it is shown that the claim was collectible by due diligence, and was lost in consequence of the bank's negligence. The burden is upon the plaintiff to show these facts. (Citing *Bruce v. Baxter*, 7 Lea (Tenn.) 477, and *Collier v. Pulliam*, 13 Lea (Tenn.) 114, 118, in support of the proposition.)

In *Fahy v. Fargo*, 17 N. Y. Suppl. 344, the court held that the agent is prima facie liable for the whole amount of the draft where it is reasonably probable that the draft would have been paid if the defendant had done his duty.

The rule was laid down by Chancellor Walworth in *Allen v. Suydam*, 20 Wend. (N. Y.) 329, and quoted with approval by the court in *First Nat. Bank v. New York Fourth Nat. Bank*, 77 N. Y. 328, that the plaintiff must make out a probable case in order to recover the whole amount.

Where the question is one of probability, the matter becomes an issue of fact for the jury. (*Selz v. Collins*, 55 Mo. App. 55.) In this case, *Rombauer, P. J.*, said: "In order to justify a recovery, as a matter of law, for the entire amount of the draft, it was incumbent upon the plaintiffs to show that the entire loss was due to the default of the defendants, and that, but for such default, the loss would not have happened. . . . Cases may arise where the existence of these two conditions is shown by the evidence to be so certain that the question resolves itself into a mere question of law; but where, under the evidence, they are merely more or less probable, the question must remain one of fact for the jury."

In *Meadville First Nat. Bank v. New York Fourth Nat. Bank*, 77 N. Y. 328, 329, the court, by *Earl, J.*, said: "In all these cases, the negligence of the agent being established, it is a question of damages, and the agent may show, notwithstanding his fault, that his principal has suffered no damages, and the recovery can then be for nominal damages only. He may show, in reduction of the damages, that if he had used the greatest diligence, the bill would not have been accepted or paid, or that his principal holds collaterals, or has an effectual remedy against the prior parties to the bill."

In the light of the above authorities, the cause of action on the debt evidenced by the note in question having become barred after February 15th and the owner of the note having lost its remedy through the neglect of the agent bank to return the note within the time prescribed, it would seem that there would be a prima facie liability in damages for the full amount of the note; although the result might be different if the agent bank could affirmatively prove that the parties liable on the note were hopelessly insolvent and that a judgment against such parties, of the opportunity for obtaining which the owner was deprived, would be and continue worthless.

## BANKS AS SAFE DEPOSITARIES.

Statement of the law governing the duty and liability of banks as (1) gratuitous bailees of customers' securities for safekeeping; (2) lessors of safe deposit boxes for which customers pay rental.

From Wisconsin.—We would like an opinion as to our liability for papers kept in our fireproof vault for customers, either free of charge or in safety deposit boxes for which they pay rental, in case same were to be destroyed either by fire or by some person forcing entrance into our vault. Our vault is considered fireproof and we have so stated in our advertising, but have never referred to it as burglar-proof.

A bank which undertakes the safekeeping of securities or valuables for a customer, either gratuitously or for hire, as by receiving rental of safe deposit boxes, is not an insurer against loss by fire, burglary or theft, but, in the absence of special contract of hire which would define the terms of liability, is under duty to exercise reasonable care in the safekeeping of the property, the nature and degree of which will be indicated by reference to the decisions hereinafter cited.

First, where the bank receives securities for safekeeping free of charge. The Supreme Court of the United States has laid down the following rules in regard to gratuitous bailees, as applied to banks receiving articles of value for safekeeping without compensation:

"Gratuitous bailees of another's property are not responsible for its loss unless guilty of gross negligence in its keeping; and whether that negligence existed is a question of fact for the jury to determine, or to be determined by the court where a jury is waived. The reasonable care which a bailee of another's property entrusted to him for safekeeping without reward must take, varies with the nature, value and situation of the property and the bearing of surrounding circumstances on its security. Persons depositing articles with banks for safekeeping without reward have a right to expect that such measures will be taken as will ordinarily secure them from burglars outside and from thieves within; that whenever ground for suspicion arises an examination will be made to see that they have not been abstracted or tampered with; that competent men, both as to ability and integrity, for the discharge of these duties will be employed; and that they will be removed whenever found wanting in either of these particulars. *Preston v. Prather*, 137 U. S. 604. In this case persons engaged in business as bankers received for safekeeping a parcel containing bonds, which was put in their vaults. They were notified that their assistant cashier, who had free access to the vaults where the bonds were deposited, and who was a person of scant means, was engaged in speculations in stocks. They made no examination as to the securities deposited with them, and did not remove the cashier. He stole the bonds so deposited, and it was held that the bankers were guilty of gross negligence, and were liable to the owner of the bonds for their value at the time they were stolen.

A similar case is that of *Gray v. Merriam*, 148 Ill. 179, where government bonds, specially deposited

with a bank without reward, were stolen by the cashier, and the bank was held liable. The principle was enunciated that a gratuitous bailee was liable only for gross negligence, which is the absence of slight care or diligence; but the "slight diligence" in the case of a banker receiving bonds on deposit without reward was said to bind him to exercise such reasonable care as men of common prudence usually bestow for the protection of their own property of a similar character.

Second, where the bank receives compensation, as by receiving rental for safe deposit boxes. Where a bailment is for mutual benefit, the bailee is held to the exercise of ordinary care in relation to the subject-matter thereof, and is responsible only for ordinary negligence. *Pittsburgh Safe Deposit Co. v. Pollock*, 85 Pa. St. 391; *N. Y. Cent. R. Co. v. Lockwood*, 17 Wall [U. S.] 357. The technical rule is that in this case the bailee is bound to exercise "ordinary" care, as distinguished from "slight" care, and is liable for ordinary, as distinguished from "gross," negligence. But this technical legal distinction is very shadowy in its application to cases of banks as bailees. As said by Schouler (*Bailments and Carriers*, sec. 35): "'Slight,' 'ordinary' and 'great' are terms some courts wish to see discarded; and they prefer judging of each case by its own complexion."

In Maryland, where bonds were deposited with a bank as collateral security for a debt then existing, and for all obligations that might thereafter be incurred by the depositor, the transaction was held not to be a gratuitous bailment, but a bailment for mutual benefit, and that defendant bank was responsible if the bonds were stolen in consequence of its failure to exercise such care and diligence in their custody or keeping as at the time banks of common prudence, in like situation and business, usually bestowed in the custody and keeping of similar property belonging to themselves; that the care and diligence ought to have been such as was properly adapted to the preservation and protection of the property, and should have been proportioned to the consequence likely to arise from any imprudence on the part of the defendant. *Third Nat. Bank v. Boyd*, 44 Md. 47. See also *Cutting v. Marlor*, 78 N. Y. 454, a case of similar import.

Safe deposit companies are specially incorporated to carry on the business of renting boxes or safes in their vaults for the deposit of valuables, and it is within the scope of the powers of national and State banks to rent safe deposit boxes to their customers. *Pattison v. Syracuse Nat. Bank*, 80 N. Y. 82. Sometimes the nature of the duty and liability of the safe-depositary is defined by the law alone—"ordinary care" being the general term—and sometimes it is affected by agreements or stipulations in a lease or other contract between the depositary and the renter.

The legal relation which a safe deposit company holds to the renter of a safe deposit box is that of a bailee or depositary for hire; and this imports an obligation on the part of the depositary to safely keep the goods committed to its care and to re-deliver the same, unless prevented by some cause for which it is not responsible. When a renter has proved a deposit of goods and the failure of the depositary to produce on demand, he makes a prima facie case, and the depositary, to escape liability, must explain and excuse its failure to produce by showing some reason

which would relieve it from liability. *Cussen v. Southern Cal. Sav. Bank*, 133 Cal. 534, holding that a special agreement that the lessor of the safe "shall use diligence that no unauthorized person shall be admitted to any rented safe, and beyond this the lessor shall not be responsible for the contents of any safe rented from it," is not to be construed as referring merely to an unauthorized person gaining admission to the safe in the ordinary course of business, but as only intended to fix the degree of care to be used in identifying parties claiming to be its customers; that such agreement does not constitute a waiver of the liability for diligence imposed by the law upon the bailee for hire, in safeguarding valuable property from thieves, whether without or within, and in employing and supervising fit men to guard the property.

Schouler, in his work on *Bailments and Carriers*, Sec. 101, in discussing the degree of care and diligence required of a bailee for hire, says, inter alia: "The requisite degree which our law prescribes is styled 'ordinary'; and ordinary or the average care and diligence is such as prudent persons of the same class are wont to exercise toward such property or in the management of their own property under like circumstances. It follows that, for loss or injury of the thing, caused by the hired bailee's ordinary negligence, or failure to bestow this ordinary or average care and diligence, he must respond." (2 *Kent Com.* 588, 591.)

Loss by burglaries of safe-deposit boxes are rare, in view of the generally impregnable character of construction of safe-deposit vaults, and the greater danger is from "inside" theft.

In *Safe Deposit Co. v. Pollock*, 85 Pa. St. 391, the question involved was the company's liability for the theft of certain bonds which had been stolen from a safe in its burglar-proof vault, the key to the safe having always remained in the possession of the depositor. There was no evidence that the vault or the safe had been broken, or the lock tampered with. It was evident the bonds had been abstracted by use of a false key. The company by its agreement bound itself to keep "a constant and adequate guard and watch over and upon the burglar-proof safe"; to prevent the "access by any renter to the safe of any other renter"; and to protect the safe and contents "from any dishonesty on the part of any of the company's employees." The safe deposit company was held chargeable with the loss, as the fact that the bonds were missing was evidence that it had not complied with its agreement to keep a "constant and adequate guard," etc.

This case, it is seen, was decided in view of the special agreement between company and renter, and not left to the test of "ordinary care," under the law alone.

In *Lockwood v. Manhattan Storage, etc., Co.*, 23 Hun (N. Y.) 68, it was held that a warehouse company maintaining a safe deposit department in which are boxes which it rents to customers for the deposit of such objects or valuables as they may see fit to place therein, and which can only be opened by the use of two keys, one held by the company and the other by the customer, is a bailee or depositary for hire, and under obligation to safely keep the goods

intrusted to its care; and where, in an action brought by a customer against the company, the proof tends to show that the customer had placed in the box rented by her \$4,000 in bills, and that upon opening the box, a fortnight later, she found there were only \$2,000 in bills, the customer has established a prima facie case, which requires the company to explain the loss, and renders a dismissal of the complaint erroneous. See also *Roberts v. Stuyvesant Safe Deposit Co.*, 123 N. Y. 57; *Clafin v. Meyer*, 75 N. Y. 262, and cases there cited, for further information on this subject.

With reference to your statement that the bank has advertised its vaults as fireproof, it might be, should they prove otherwise and loss by fire result, that there would be a liability of the bank in such case, either on the ground that the advertisement formed part of the contract of deposit, or that the bank, having made, though innocently, a false representation, upon which another relied to his injury, would be liable for the damages resulting.

#### DIVIDENDS ON PLEDGED STOCK.

**Dividends accruing on pledged stock belong to the pledgee, and company, after notice, liable to pledgee therefor.**

From Georgia.—I loaned John Smith \$1,000 on 50 shares of the capital stock of the Smithville Mercantile Co. I gave notice to the officers of the said company that I hold the stock as collateral security. To what extent can the company pay John Smith dividends on this stock?

In addition to this general proposition, suppose the company should go into liquidation. Would they not be bound to pay liquidation dividends to the holder as collateral security of the certificate?

By statute in Georgia, except as against the claims of the corporation, a transfer of stock does not require a transfer on the books of the company. Code 1911, Section 2219; *Southwestern Ry. Co. v. Thomason*, 40 Ga. 408, 411.

It is generally held that dividends accruing upon pledged stock belong to the pledgee. *Boyd v. Conshocken Mills*, 149 Pa. St. 363, and a pledgee is entitled to collect a cash dividend on the stock; but must account to the pledgor for dividends collected upon the redemption of the pledged collateral. *McCrea v. Yale*, 68 N. J. Law, 465. In Georgia it has been held that the pledgee of stock is, as a general rule, entitled to collect and receive the dividends thereon, unless this right is reserved by the pledgor at the time the pledge is made. *Guarantee Co. v. East Rome Town Co.*, 96 Ga. 511.

If a corporation, without notice of transfer, pays a dividend to the pledgor it will be protected. *Gemmel v. Davis*, 75 Mo. 546. But although transfer to the pledgee has not been made on the corporate books, yet if the corporation has knowledge of the transfer and subsequently declares a dividend, such dividend belongs to the pledgee and it is liable to him therefor. *Gemmel v. Davis*, 75 Mo. 546; *Central Neb. Nat. Bank v. Wilder*, 32 Neb. 454.

From the above authorities it would appear that you, as pledgee of 50 shares of stock of John Smith

in the Smithville Mercantile Co., would be entitled to the dividends thereafter declared thereon during the continuance of the pledge and, after notice to the company that you hold the stock as collateral security, they would be responsible to you therefor and would have no right to pay them to John Smith, although the transfer had not been recorded on the company's books.

Furthermore, if the company should go into liquidation, I think you, as pledgee, would be entitled to receive payment of the liquidation dividends.

#### SET-OFF AGAINST INDORSER.

**Bank has right to charge dishonored note to indorser's account.**

From New York.—We have a demand note bearing an indorsement as follows: "For value received I hereby guarantee the payment of both principal and interest of this note." The note was discounted by the indorser and dishonored by the maker. Indorser now refuses to have it charged to his account. Can we charge it to him despite his refusal?

The general rule is that a bank, which owns an indorsed note, has a right to charge up the note, when dishonored, against the indorser's account, assuming his liability as indorser has been duly preserved. In *Ticonic Bank v. Johnson*, 21 Me. 426, the court said it was optional, in such a case, for the bank to retain any balance that might remain in the bank to the credit of the first indorser, or not.

In *Mechanics' & Traders' Bank v. Seitz*, 150 Pa. St. 632, a bank charged a protested note to the payee's account, but subsequently rescinded the charge and sued the makers, who defended on the ground that it was the bank's duty to charge up the note against the indorser's account and that they had a good defense against the payee. But the court held the makers liable, and said:

"The general rule is well settled that while the bank may appropriate funds in its hands, belonging to any previous party to the note, to the payment of it when payment is not made at the time and place named, yet it is not bound to do so. The note may be treated as, in effect, an order or check authorizing the bank to apply the deposit to the payment, but the deposit is not payment in law. . . . But where the bank holds funds of the maker it is bound to consider the interests of the indorsers or sureties, and if it allows the maker to withdraw his funds after protest, and indorsers are losers thereby, the bank is liable to them."

In an earlier case in Pennsylvania, *First National Bank v. Shreiner*, 110 Pa. St. 188, where a customer, S—, had guaranteed a note, it was held that only in the event S— should be found liable as indorser was it the right of the bank to appropriate any part of his account to payment of the note.

In your case, I understand that your customer who guaranteed payment was the payee of the note who procured its discount. In such case I think he would be held to combine the liability of an indorser and guarantor and to be liable as indorser; and that you would have the right to charge the note against his account although he objects to this being done.

**CERTIFICATE OF DEPOSIT.**

Where certificate of deposit issued to A is pledged to B for value, without indorsement, and A obtains payment from bank at maturity on false statement that he has lost and not negotiated certificate, bank is not liable to B who, taking without indorsement, holds certificate subject to any defense good against A—Criminal liability of A for obtaining money by false pretense.

From Illinois.—A receives a certificate of deposit from bank for sum of \$100, dated November 13, 1909, and due six months from date, on the return of the certificate properly indorsed. One day after its maturity he makes written statement that certificate has been lost or mislaid, and not negotiated by him, and is paid principal and interest by issuing bank.

After receiving above-described certificate A negotiated a loan from B for \$100, giving B a note bearing same date as certificate already described. Note matured six months from date of issue, and bears 6 per cent. interest from date. Date of note and certificate are same and they matured same day. A gave the certificate into B's possession, but he did not indorse it. It is alleged that he assured B the certificate was given him as security for payment of note. But the note does not state the fact of certificate being deposited as such security. The words, "Secured by Bank Draft," appear in the note, written in by the maker.

A concealed the existence of the note from the bank.

A has failed to pay the note. B now informs the bank, nearly three years after it has paid A the amount of deposit shown by certificate, as above stated, that he holds the unindorsed certificate issued to A, and B holds that bank is liable to him for amount named in certificate.

Please inform if any liability exists in favor of B on the part of the bank.

Should B now induce A to properly indorse the certificate, must bank pay upon presentation by B or his agent or assigns? Perhaps A has been guilty of fraud. If so, is he in jeopardy at this date? or has the statute of limitations run in his favor?

Your bank cannot be held liable to B to whom the certificate of deposit was pledged by A without indorsement. The Negotiable Instruments Act of Illinois provides:

"Where the holder of an instrument payable to his order transfers it for value without indorsing it, the transfer vests in the transferee such title as the transferor had therein, and the transferee acquires, in addition, the right to enforce the instrument against one who signed for the accommodation of his transferor and the right to have the indorsement of the transferor if omitted by accident or mistake. But for the purpose of determining whether the transferee is a holder in due course, the negotiation takes effect at the time when the indorsement is actually made."

Under this, the transfer for value without indorsement passed A's title in the certificate to B—for purposes of security—but although B acquired such title, he did not become a holder in due course, *Manufacturers Co. v. Blitz*, 115 N. Y. Supp. 402, but was a mere assignee thereof and held the certificate subject to any defense which would be available if it were still held by the original payee. *Cray v. Farmers' Bank*, 109 Ky. 694; *Nat. Bank v. Bingham*, 118 N. Y. 349. If A should now indorse the certificate to B it would not of course avail B, because

your bank having paid the certificate to A at maturity, the defense of payment, good against A, is equally good against B.

Upon the question of criminal liability, A having pledged the certificate to B was not entitled to the money which he obtained from the bank upon a false written statement that he had lost and not negotiated the certificate. This was the obtaining of money by false pretenses, which is a felony under the law of Illinois, and the indictment must be found within three years next after the commission of the crime. A obtained the payment upon May 14, 1910, according to your statement, so that, unless absent from the State during the intervening period—the time of absence not being counted in the period of limitation—he would be immune from punishment after May 14, 1913.

**BY-LAWS OF CORPORATION.**

**Failure to adopt by-laws does not invalidate acts of corporation.**

From Mississippi.—Please advise if, according to your opinion, a corporation can legally transact business without a set of by-laws, and also if they were to carry on a corporate business without by-laws, would it not invalidate the corporate rights of the company and throw it into a general partnership business in case of damage suits, or its becoming involved to such an extent as to not be able to pay its indebtedness?

The general rule is that where the governing statute in express terms confers upon a corporation the power to adopt by-laws, the failure to exercise the power will be ascribed to mere non-action, which will not render void any acts of the corporation which would otherwise be valid. *Steger v. Davis*, 8 Tex. Civ. App. 23, 27 S. W. 1068, where the court said: "The fact that at the time of the trade with Davis and wife the corporation had not adopted by-laws would not render the act void. By Revised Statutes, article 581, 'the directors or trustees may adopt by-laws for the government of the corporation; but such by-laws may be altered,' etc. It has never been held that the failure to exercise the permission to make by-laws would render any act of the corporation void."

**FORGED EXPRESS COMPANY MONEY ORDER.**

Where express money order bearing forgery of countersignature of agent at purported point of issue is paid by agent of express company to innocent purchaser, question considered whether (a) payment recoverable under rule that money paid under mistake of fact may be recovered or (b) payment final and irrevocable on theory (1) that paying agent bound to know signature of issuing agent and (2) that public policy requires that as between parties equally innocent, loss must fall where course of business has placed it.

From West Virginia.—After proper identification on January 20th we cashed for George G—, a money order purported to be issued by the — Express Company, and bearing the lithographed signature of its treasurer and requiring the countersig-

nature of one of its agents. We forwarded this item for collection to our New York correspondent, and on January 21st or 22d they presented it at the — National Bank of New York, who make payment of these items in behalf of the Express Company, and payment was made to our correspondent of this order, fifty dollars. The — National is not a member of the Clearing House Association. Under date of January 25th our New York correspondent returned this item to us at the request of the — National Bank, asking that we refund the amount to them, as the order had been stolen from their Hart, Michigan, office, and that the countersignature was a forgery. This signature purported to be that of the agent at Barberton, Ohio. We have declined to make refund of this order, claiming that we took proper precaution to have our party identified, and that the order appeared regular in every respect, and that the — National, paying for the express company, should have known the signature of the agents of the express company the same as they should know the signature of a customer drawing a check upon their bank; further, that we were entitled to notice of the loss of this order, which we never received.

Will you kindly advise us whether we are correct in refusing to make refund, or whether the express company should collect from us?

I have taken time to make a thorough search to see if there were any authorities involving the question of responsibility for loss, as between express company and innocent purchaser, where payment has been made upon a forged express company money order. I find no decided cases on this specific question. In *Bolognesi v. United States*, 189 Fed. 335, the Government was allowed to recover the amount paid out on money orders which had been fraudulently issued, although paid to good faith holders; but it was expressly held that the postal money order system was not governed by the same law which would govern commercial transactions between private interests.

The question is whether the case you present will fall under the general rule that money paid under a mistake of fact, without consideration, may be recovered, unless the person receiving the money can invoke the aid of the doctrine of estoppel; or whether it will be held to come within the exception to that general rule under which a drawee is bound to know the drawer's signature and cannot recover money paid on a forgery thereof to a bona fide holder.

There are certain considerations which would tend to make the position of the express company stronger than that of a bank paying a forged check. The express order is more in the nature of a promissory note than a draft by a drawer upon a drawee. The express company agrees to pay to the order of the payee when countersigned by the agent at the point of issue, and it further agrees that the order will be cashed by the agents of a number of other express companies, including any of its own agents. I assume the order in question is of this form. The reason of the rule holding the drawee bound to know the drawer's signature would not be likely to have so strong an application to the case of an agent mistaking the signature of another agent, for it would hardly be reasonable to hold every express agent bound to know the signature of every other agent, and unless it should be so held, the rule holding the drawee bound would not apply, and the general rule would probably oper-

ate which allows recovery of money paid under mistake.

At the same time there might be a chance of holding the express company bound through the application of the broader doctrine that as between parties equally innocent the loss must remain where the course of business has placed it. I would refer you to *Germania Bank v. Boutell*, 60 Minn. 192, in this connection. In that case a bank paying a forged check was denied recovery through application of the doctrine that the drawee, paying a check on forgery of the drawer's signature, cannot recover the money paid, and the court suggested that the rule of non-recovery did not rest entirely on the narrow basis of actual negligence on the part of the drawee in mistaking the signature, but on the broader basis that the drawee bank should be deemed the place of final settlement where all prior mistakes and forgeries should be corrected and settled once for all, and if not then corrected, payment should be treated as final; that there must be a fixed and definite time and place to adjust and end these things as to innocent holders; and that that time and place should be the date of payment and the paying bank. The court pointed out that the money of the commercial world is no longer coin, but the exchanges of commerce are now made almost entirely by means of drafts and checks. Apart from the technical fault in mistaking the drawer's signature, public policy would seem to require that as between the payer and a good faith holder, payment by the drawee should settle the matter finally. It said that the rule that if a bank pays a check to a bona fide holder against insufficient funds it cannot recover from him, but must look to the drawer, is founded on the same reasons.

The reasoning in this case might equally apply to the case of a forged express money order. It is somewhat analogous to a form of paper money which has an extensive currency and is often cashed, as your bank cashed one of these orders, on faith of its genuineness. When presented for final settlement and redeemed by an authorized agent, it might be contended that public policy, apart from any obligation of one agent to know the signature of another, required that the settlement thus made should be final and irrevocable. It certainly is a dangerous situation if express money order blanks, containing lithographed signatures, can be readily stolen and negotiated, and public policy should place some responsibility upon the express companies.

I would like to see your case contested that we might have some judicial decision on the matter as a precedent. It may be you would be held liable to refund on the ground that you had received, without consideration, money paid under a mistake of fact; and, on the other hand, there is a chance that your courts might hold that when a duly authorized agent of an express company redeemed a forged money order, it was bound and concluded by the act, not alone on the ground that its redeeming agent was bound to know the signature of the agent at the issuing station, but also on the ground that public policy required that redemption by the express company should be final and irrevocable.

**PAYMENT OF PROTESTED CHECK.**

**Question considered as to bank's right and duty to pay, upon a second presentment, a check previously dishonored and protested.**

From Arkansas.—When a check has been presented to us for payment and is protested and returned on account of insufficient funds and is subsequently presented for payment by the holder, has the bank any right to pay the check, including protest fees, providing the drawer of the check has sufficient funds to his credit to pay same.

I think the safer course would be for the bank to refuse payment in the absence of express instruction from the drawer to pay the check and protest fees and to suggest to the holder that he procure a new check from the drawer.

I am not aware that the point has ever been decided as to the validity of a payment by a bank of a check, protested for want of funds, when presented a second time. Clearly, it would seem the bank would be under no duty or obligation to pay the protest fees, and its duty or right to pay even the face of the check might be questioned.

The duty of a bank is to pay its customer's check upon presentment if he has sufficient funds to his credit. But where the check has been once presented and dishonored, its duty or right to pay on a second presentment is somewhat uncertain. Where protest fees are demanded, in addition to the face of the check, I think, as already said, there would be no duty or authority to pay the protested check, face and fees, without an express instruction from the drawer so to do. This amount constitutes an indebtedness of the drawer, and so far as the protest fees are concerned he has never authorized the bank to pay them for his account. Where the check has not been protested, but, after presentment on one day and refusal for want of funds, it is presented on the next when there are funds, there is more doubt whether the bank would be under obligation or would have authority to pay. On the one hand, it is the customer's unsatisfied order on his account, and convenience may be best served by paying it out of the subsequently deposited funds. A check, not good when first presented, might be left with the banker to collect as soon as funds are deposited; this is not infrequently done. These reasons would seem to indicate the propriety of paying an unprotested check on a second presentment. On the other hand, a check once presented and refused is dishonored and in a sense overdue paper. A case might be supposed where a customer being aware that his check had been dishonored for want of funds, pays the amount to the holder without taking it up. If the bank should pay the check on a second presentment a day or two later, it would raise the question whether the bank had any right to redeem its customer's overdue and previously dishonored paper without express instructions from him. The drawer might contend that his check only operated as an order so long as it was outstanding and unresented; that as soon as the check was presented and dishonored for lack of funds, its mission as an order to the bank was ended, though not complied with, and that the authority to the bank to pay did not extend to a check once dis-

honored. Payment of a post-dated check before its date is out of the usual course and at the bank's risk; and it might be argued that payment of a check, once refused, was likewise out of the usual course.

Until this question is settled by some judicial decision which will serve as a direct precedent for guidance, I think the safer position for a bank to take would be to refuse to pay a check previously dishonored without an express instruction from the drawer so to do, and especially where a protested check is demanded, with the protest fees, should it refuse to pay.

**ATTACHMENT OF FUND REPRESENTED BY CERTIFICATE OF DEPOSIT.**

**In Rhode Island a deposit represented by an outstanding negotiable certificate is exempt from attachment; but the certificate itself is subject to seizure by creditors of the owner.**

From Rhode Island.—A is doing business in Massachusetts under the name of A & Co. He makes a note indorsed A personally, which is discounted by a Rhode Island bank.

A's wife has quite a sum of money which she does not care to put into the firm of A & Co. for certain reasons connected with taxes. She would like to place it in the bank where A & Co.'s note is discounted in such a way that it could be considered as collateral on said note.

The bank has advised that a deposit in open account, although covered by a letter of guarantee, would still be subject to attachment, and suggested that they be allowed to issue a demand certificate of deposit to order of A's wife which should be indorsed in blank and left with the bank accompanied by a letter stating for what purpose it was held. Would the certificate of deposit be free from attachment if held as outlined? Do you see any loop-hole in such a transaction?

A married woman in Massachusetts has power to pledge her property to secure the debts of her husband or of a third person, *Com. v. Abbott*, 168 Mass. 471, and the question is where Mrs. A, a married woman, makes a deposit in a Rhode Island bank which has discounted her husband's note, and instead of pledging the deposit itself or giving the bank a lien thereon as security for her husband's indebtedness, receives a negotiable certificate of deposit therefor, and pledges such instrument to the bank, whether the certificate of deposit would be free from attachment.

I do not understand that a creditor of the husband would have any right to attach a fund belonging to the wife, specially pledged by her to a third person as security for her husband's debt, in any event; so I assume that the question relates to attachment by a creditor of the wife, and is whether a negotiable certificate of deposit belonging to her and lodged with the issuing bank by her as security, is subject to seizure by her creditors.

The Rhode Island statute (*Gen. L. 1909, Ch. 302, Sec. 5*) exempts from attachment "debts secured by bills of exchange or negotiable promissory notes." If the certificate of deposit was outstanding, the deposit itself would not be subject to attachment. But where the certificate itself is in the possession of the bank as security this, I think, would constitute property

which could be reached by her creditors—although, of course, the bank would have a prior lien thereon to the extent of any indebtedness of the husband for which it was pledged.

In *Nichols v. Schofield*, 2 R. I. 123, defendant contended that deposits in a savings bank being assignable by a transfer of the depositor's book with the assignment indorsed upon it, the garnishee could not make oath that he had property of the defendant in his hands, and that therefore the deposits, like money due upon a negotiable promissory note or bill of exchange, were not attachable; but the court held

that they were liable to attachment like deposits in any other bank.

Where a deposit is represented by an outstanding negotiable certificate, then the deposit being a debt represented by the certificate is exempt under the provisions of the statute; but where the certificate itself is in the hands of the bank which is garnished for property of the debtor in its hands, such certificate, as distinguished from the deposit would, I think, be liable to seizure by creditors of the owner, subject to any claim which the bank might have thereto as pledgee.

#### A. B. A. MORTUARY RECORD REPORTED DURING MARCH.

- Adams, W. B.—Vice-President Elberton Loan & Savings Bank, Elberton, Ga.  
 Anderson, William—President Merchants' Bank & Trust Company, Jackson, Miss.  
 Baetcke, G. J.—Founder of G. J. Baetcke & Co., Bankers, Brighton, Mich.  
 Bardwell, James D.—Cashier Holyoke National Bank, Holyoke, Mass.  
 Bishop, William S.—Assistant Cashier National Bank of the Republic, Chicago, Ill.  
 Brinckerhoff, Elbert Adrian—Vice-President Merchants' National Bank, New York City.  
 Clement, Stephen M.—President Marine National Bank, Buffalo, N. Y.  
 Curtis, William L.—President First National Bank, Petoskey, Mich.  
 Day, Alfred B.—President First National Bank, Mansfield, Mass.  
 De Silver, Carll H.—Director Nassau National Bank, Brooklyn, N. Y.  
 Doyle, Jesse L.—Director Northwestern National Bank, Philadelphia, Pa.  
 Edwards, W. B.—President Trinity County Bank, Weaverville, Cal.  
 Frost, W. A., Jr.—Assistant Cashier First National Bank, Decatur, Ala.  
 Gibson, Charles J.—President The Sheffield National Bank, Sheffield, Pa.  
 Grant, John H.—Director Manistee County Savings Bank, Manistee, Mich.  
 Howard, Henry C.—President Bank of Niagara, Niagara Falls, N. Y.  
 Hurlbut, Fred.—Vice-President and Director Kellogg National Bank, Green Bay, Wis.  
 James, Frederick B.—Teller Hanover National Bank, New York City.  
 Johnstone, T. H.—President Surprise Valley Bank, Cedarville, Cal.  
 Koehler, John P.—Vice-President German-American Savings Bank, Cleveland, Ohio.  
 Liebmann, Joseph—Director Kings County Trust Company, Brooklyn, N. Y.  
 McNeal, Thomas—Vice-President Lockhart National Bank, Lockhart, Texas.  
 Marshall, Hugh D.—Founder and President Marshall National Bank, Unionville, Mo.  
 Mattlage, Charles F.—President First National Bank, Hoboken, N. J.  
 Mercer, James—Director First National Bank, Ontonogan, Mich.  
 Morgan, J. Pierpont—Of J. P. Morgan & Co., New York City.  
 Muller, Conrad—Director Mechanics' Trust Company, Bayonne, N. J.  
 Post, Nelson Gilmore—Director Essex National Bank, Essex, Conn.  
 Quier, Levi—Director National Union Bank, Reading, Pa.  
 Reynolds, L. D.—Vice-President Dayton Savings Bank & Trust Company, Dayton, Ohio.  
 Robbins, B. G.—Director Colorado Springs National Bank, Colorado Springs, Colo.  
 Smith, Charles A.—Director Cayuga County National Bank, Auburn, N. Y.  
 Sparrow, Edward W.—Founder City National Bank, Lansing, Mich.  
 Story, George A.—Cashier Mutual Savings Bank, San Francisco, Cal.  
 Strain, Morton—President Lamar National Bank, Lamar, Colo.  
 Trumbo, George M.—Assistant Cashier Mechanics'-American National Bank, St. Louis, Mo.  
 White, John M.—President The People's National Bank, Charlottesville, Va.  
 Wilcox, Thomas—Director Mechanics' National Bank, New Bedford, Mass.

# 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.—Ford 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.—21 Park Row.  
 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 & Debisschop, 15-17 Rue Auber.

**T**HE following is a report for the month of March, 1913, pertaining to the work of the Protective Department:



**JOHN M. BOYD.**

JOHN M. BOYD and the woman he says is his wife is still continuing his operations, his bogus checks lately coming through banks in the vicinity of New York and Philadelphia. His victims generally are private individuals and merchants, but in two instances membership banks have been swindled by these operators. As a rule Boyd and his wife will call at a furnished-room house and arrange to rent a room in which to live, paying the rent for a week or two by giving a bogus check greater than the amount of the rent. They also ascertain whether the housekeeper has a bank account, and in some cases have succeeded in having the housekeeper endorse one of their checks. They also arrange to have the housekeeper introduce them at some furniture store, millinery store, etc., where they buy goods, tendering a bogus check in payment for a larger amount than the price of the goods purchased. In other instances they have opened accounts at banks with bogus checks. Most of the checks written by Boyd have been drawn on a bank member at Pittsburgh, Pennsylvania, but he has also a check book of a member bank at Des Moines, Iowa.

Boyd generally signs himself as John M. Boyd, but he has also called himself Earl Dunbar and Earl M. Edbert. He is described as 26 years of age, 5 feet 5½ inches in height, 140 pounds in weight, light complexion, with light hair, hazel eyes, and smooth shaven. Three fingers of his right hand are missing.

Bertillon measurements: Ht., 1.664; O. A., 1.65; Tr., 87.2; H. L., 18.6; H. W., 14.5; R. E., 6.8; R. Ft., 25.0; M. F., 11.2; L. F., 8.6; L. F., 42.5.

The woman with Boyd, who is supposed to be his

wife, is known as SUSAN M. BOYD. She is said to be 28 or 30 years of age, 5 feet 8 or 9 inches in height, 150 to 160 pounds in weight, light complexion, light brown hair (possibly bleached), blue eyes, noticeably small white teeth; generally wears a tailor-made suit of some dark material and white shirt waist.

Below is shown a specimen of Boyd's handwriting:

John M. Boyd.

A bank member at Bisbee, Arizona, reports that a package of ten notes of \$5,000 each, shipped to them by a bank member of Chicago, Illinois, was stolen from a Wells-Fargo Express wagon while on the way to the bank at Bisbee.

Members are warned to be on the lookout for the notes, which are described as follows:

- H. B. Clafin Co., Bills Receivable, payable August, 1913.
- Carson, Pirie, Scott & Co., payable September, 1913.
- Jobst-Bethard Co., Peoria, payable September, 1913.
- Minnesota & Ontario Power Co., International Falls, Minn., payable August, 1913.
- Firestone Tire & Rubber Co., Akron, Ohio, payable six months.
- Acme Harvesting Machine Co., payable six months.
- Swinehart Tire & Rubber Co., payable six months.
- Ederheimer, Stein & Co., payable six months.
- E. B. Ross & Co., payable four months.
- Hess & Hopkins Leather Co., payable six months.

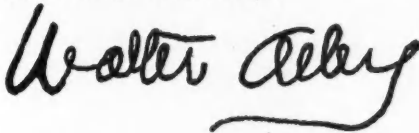
Our detective agents are looking for a colored man, named JIM WHEAT, who succeeded in defrauding a bank member at Marianna, Arkansas, by uttering a forgery. Wheat secured possession of a check which was made payable to a man named Scrap Walfork, by whom Wheat had formerly been employed. He took the check to the bank, where he told them his name was Scrap Walfork and related such an apparently straight story that they gave him the money called for. Jim Wheat is said to be 44 years old, 5 feet 8 or 9 inches in height, weighing 165-170 pounds, good build, square, kinky hair, ginger-cake complexion, black eyes, small mustache, gold crown front teeth, glib, pleasant talker, fairly well dressed, by occupation a farmer on plantation land. In this matter the Arkansas Bankers' Association is co-operating with this Association.



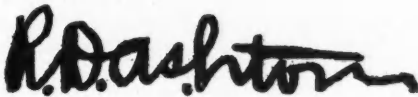
McCLELLAN G. ROWE is wanted by our agents for forgeries committed on a bank member of Corona, California. Rowe succeeded in having the teller of this bank cash several checks for him. Rowe worked in Corona for several years and had a good reputation.

Rowe's description is as follows: age, 31 years; height, 5 feet 10 inches or 11 inches; weight, 155 to 160 pounds; medium dark brown hair, thin in front; blue eyes; good teeth; complexion, dark. Rowe is a good talker, is popular among churchgoers, having been in the church choir at Corona. He is also an expert machinist and auto repair man, and has been a court reporter. The California Bankers' Association is co-operating with this Association in this investigation.

This Association and the California Bankers' Association through our detective agents are conducting a search for WALTER M. ALLEY, who is wanted for a forgery committed on a bank member of Los Angeles, California. Alley was employed as a salesman for a firm in Ohio, having sold goods to the above bank, and in that way succeeded in obtaining money on a check which he forged. He is described as follows: age, 50 years; height, 5 feet 4 inches; weight, 150 pounds; hair, black; very prominent teeth; smooth face; wears glasses. A specimen of this forger's handwriting is shown below.



R. D. ASHTON is wanted for defrauding a bank member of Los Angeles, California, on a worthless check. Ashton is described as follows: Age, 21 to 24 years; height, 5 feet 10 inches; weight, 130 pounds; build, broad-shouldered, strong and healthy; complexion, dark and tanned; eyes, brown; hair, brown; face, smooth shaven; dress, dark suit and dark soft hat; appearance, neat and well dressed. The California Bankers' Association is co-operating with this Association in this investigation. A specimen of his handwriting appears below.



A bank member at Los Angeles, California, has reported that they accepted a forged check purporting to bear the signature of one of their customers, but the identity of the man who secured the cash is still unknown. The check was in favor of L. A. ATHENS or Bearer and bore the endorsements of L. A. Athens and G. A. Holmes, but our detective agents have thus far not been able to find any trace of any one of the names mentioned and it is presumed they are fictitious. The California Bankers' Association is co-operating with this Association in this matter.

A bank member at Porterville, California, reports a depositor defrauded by means of a bogus check. A man using the name FRANK J. BLAKE purchased a small bill of bicycle supplies and paid for the same with a bogus check, receiving a balance in money. Blake is described as follows: 5 feet 6 inches; 140 pounds; 30 years old; dark hair; has a small chin which makes his face appear pointed.

Two men using the names "GEORGE E. NELSON" and "C. A. MORRISON" have been reported as working in the northern part of California. These men are undoubtedly the men reported in the March, 1912, JOURNAL, page 561, under the names "B. F. Parker" and "A. L. Carson." The activities of these criminals are also reported in the February, 1913,

JOURNAL, page 259. These men are now posing as whiskey salesmen and are using printed checks of the Old Kentucky Distillery Company, by L. C. Hillman, Secretary and Treasurer, on a bank member at Louisville, Kentucky.

"Nelson" is described as follows: Height, 6 feet; weight, 190 pounds; light hair; good talker.

The description of "C. A. Morrison" is: Age, 40 years; height, 5 feet 8 inches; heavy build; sandy complexion; dark mustache tinged with gray; several gold teeth in upper jaw; pockmarked, especially on nose; fluent talker; uses Southern dialect; wore brown suit when last seen; overcoat, soft hat and Elks' pin.

A stranger called on a member bank at Hartford, Connecticut, early in March, 1913, and announced that he was a member of the firm of Sigmund Raczynsky Company and that they were planning to build a factory in that city where they intended to manufacture magnetos. The man claimed he could not speak English, but he said, through an interpreter, that he had a draft for \$100,000 on a bank in Bielitz, Germany, and that the Hartford bank had been recommended to him as a proper depository for the funds of his company. He was told that he would have to be identified before opening an account, but the bank would take his draft and forward it for collection. The man left the bank, promising to call again, but he has not been seen there since. A casual investigation of the man's statements seemed to indicate he was an impostor. He is described as a comparatively young man of slender build, about 5 feet 10 inches in height, evidently a Jew, though he spoke German correctly. His complexion was sallow, hair dark and rather scant in quantity, and his head small and peculiarly shaped.

A bank member at Gooding, Idaho, reports a small loss through a man named JOHN C. FOSTER by means of a worthless check. Foster has been an insurance solicitor for a number of years past. Our detective agents are investigating further regarding this man and his previous transactions.

A man claiming to be A. H. ATKINS and to represent the Central Portrait Company, of Chicago, Illinois, in February, 1913, gave a hotel man in Rockmart, Georgia, a draft on the company he was supposed to represent, which was returned with the statement that they had no representative of that name. One of our member banks in Rockmart would like to be informed as to Atkins' present whereabouts. He is reported to be 30 years old, 5 feet 8 inches in height, weighing 135 pounds, with light hair and blue eyes.

A man using the name of JACK STERN presented himself at a member bank of Chicago, Illinois, desiring to open a savings account by depositing one dollar, and signified his intention of transferring his account from Albany, New York, presenting a check for \$250, together with bank book of a member bank. He did not ask for funds, but requested a pass-book, which was refused him.

It later developed that he secured the pass-book from the Albany, New York, bank by presenting a worthless check for \$250 drawn on a member bank in Washington, District of Columbia.

No member bank has so far been defrauded of our knowledge.

Stern is described as follows: Age, 24 years; height, about 5 feet 7 inches; weight, 140 pounds; complexion, medium dark; smooth face; Jewish appearance; officious manner.

A member bank in Chicago, Illinois, recently had two checks of large denomination sent them by messenger with letters of instruction to the cashier to pay these checks, which had been signed and endorsed; one purporting to be from a large and well-known teaming company, and the other from an Italian society in this city.

The Assistant Cashier advises that the check sent by messenger, in the sum of \$800, would have been

paid had the company had sufficient funds on deposit, they being about \$100 short of the amount named in the check. The bank called up, advising them that they were overdrawing with this \$800 check, and they immediately advised that no such check had been issued by them.

Complaints of this character have been reported from various parts of the country recently, and banks should be on the lookout for persons coming as messengers and bearing checks of large denomination.

A party claiming to be **GEORGE W. HARRIS** and representing himself as the vice-president of The Silumnite Company, of Rushville, Illinois, is using checks drawn on a bank of that city and has been attempting to defraud merchants by means of these checks. Harris is described as about 30 years of age, 5 feet 9 or 10 inches tall, weight, 170 pounds, light complexion, and a very good talker.

Banks are warned to be on the lookout for a cashier's check for \$9,500 drawn on the Moores Hill State Bank, Moores Hill, Indiana, in favor of George W. Canfield. The check is numbered 3,620 and dated March 13, 1913. It was stolen from Mr. Canfield at Anderson, Indiana.

Banks are warned to be on the lookout for a farm hand who has been operating in Lyons, Kansas, recently having swindled a party there on a bogus check. This man is known as **CHARLES LYLE** and he is described as follows: Height, 5 feet 5 or 6 inches; weight, 140 pounds; hair, black; eyes, dark; has a small defect on top of one ear, as though a piece has been bitten out.



**JOHN HAYS.**

**JOHN HAYS**, alias J. C. Barnes, J. H. Hoogland, etc., has been active in Ohio and Kentucky during the month of March last, defrauding a number of merchants and private individuals by means of forged checks which he succeeded in passing. Hays' plan of operation is to rent a vacant building, giving a forged check for a larger amount than the rental and securing the difference in cash. He would also order goods from merchants to be delivered at the place he rented, invariably giving a bad check for a larger amount than his bill and pocketing the balance.

Hays is described as follows: Age, 33 years; height, 5 feet 11 inches; weight, 180 pounds; medium slim in build; light complexion; light brown hair; eyes not noted; a painter by occupation.

A bank member of Owenboro, Kentucky, has reported that an attempt to defraud had been made against them by one **CHARLES LARD**. Lard presented a check drawn in favor of Richard Baughan, to which the signature of W. E. Whitely had been forged. At the time Lard attempted to cash the check he claimed he had received same in payment of a crop of tobacco. However, the cashier, knowing that tobacco was not being sold at this time of the year, endeavored to cause his arrest, but he succeeded in escaping from the bank. Lard is described as follows: Age, 21 to 22 years; height, about 6 feet; appearance, dressed like a farmer.



**C. WAYMAN.**

**CLAUDE WAYMAN**, alias C. Weyman, C. Weidman, Charles E. Wayman, George Watson, C. Granville Wright, etc., whose picture is reproduced above and whose operations have been previously mentioned in the JOURNAL, called on a merchant in Boston, Massachusetts, and also on a firm of tailors and at a hotel in New York City, much to their regret. Each of the parties he visited kindly cashed one of his forged drafts. C. Granville Wright was the name he chose to use in connection with his latest transactions, and a bank member in New York City and another in Detroit, Michigan, were the institutions he used in writing his drafts. One of Wayman's victims, a gentleman who traveled about with him several months ago on a trip to Panama, said that the crook had an unusually pleasant address and quite won his confidence. He described the forger as follows: Age, 30 years; height, 5 feet 8 inches; weight, 168 pounds; brown eyes; light brown hair; light complexion, with smooth face; somewhat stocky build; is a very neat, businesslike dresser; has a round scar on back of neck and several small ones, which are not noticeable, however, with collar on; ordinarily wears a large diamond ring; carries a silver cigarette case with initials "C. G. W." and a pair of cuff links similarly marked; also wears various styles of scarf pins, one of which is set with pearls.

Wayman's earlier activities were reported in the JOURNAL of June, 1912, page 763, and of July, 1912, page 32.

We are advised by our detective agents at Boston that a man representing himself to be **HENRY SULLIVAN** has passed several forged checks in that vicinity. It appears that this man has been representing himself as a woodman and has had no difficulty in cashing these checks, owing to the large floating population of woodsmen in the district where he operated. He is described as being 50 years old, 5 feet 11 inches, 135 pounds, slight build, blue eyes, medium complexion, hair streaked with gray, wore very closely trimmed side-whiskers to a point about the lower

margin of the ear; claims to have been ranchman and herder in the West and is a lover of horses. When last seen he wore a dark cloth cap, fur-lined overcoat with lambskin collar and broadcloth shell.

Recently a non-membership bank at Clearwater, Kansas, was entered by a man using the name of C. K. MORRISON, representing himself to be the secretary of the M. C. Anderson Supply & Manufacturing Company, Detroit, Michigan; this check was purported to have been drawn by the M. C. Anderson Supply & Manufacturing Company on the Citizens' Bank, of Detroit, Michigan, and signed A. H. Nichols, Secretary. Morrison succeeded in getting this check endorsed at Clearwater and the bank was not the loser. Morrison is described as being about 35 years of age; height, 5 feet 10 inches; weight, 180 to 190 pounds; complexion, light; hair, medium brown; smooth face; wore light gray suit. Members should be on the lookout for this operator.

A. T. CAVES is wanted in connection with a raised check through which a bank member at Minneapolis was defrauded the early part of March last. Caves has been employed as a stock salesman and is described as being 33 years of age, 5 feet 10 inches in height, weighing 160 pounds, medium build, medium complexion, dark hair, smooth face, fairly good dresser.

A forger using the names DAN KELLY, Edward Johnson, Roy Hanson and Frank Benson has been cashing checks on a St. Paul, Minnesota, member bank, on the form of F. J. Mann, Railroad Contractor, St. Paul. Kelly is described as being 36 years of age, 5 feet 11 inches, weighs 200 pounds, well built, has dark complexion, large eyes, dark brown hair, and is a laborer.

A man giving the name G. W. BRADLEY, on March 6, 1913, attended a sale near Buckner, Missouri. While there he became acquainted with a farmer. He learned where this farmer did his banking in Buckner. Two days later Bradley called up a membership bank at Buckner, Missouri, and wanted to know if the farmer he talked with at the sale was reliable and if his note was good, saying that he sold him a team of mules and would have to take his note in payment. The bank advised Bradley that the farmer's note would be good for the amount mentioned by Bradley. The next day Bradley called at the bank and said that he was delivering the team to the farmer. He requested that a blank note be filled out there and, if agreeable to the bank, would like to have them discount it for him on his return. Later in the day Bradley returned with the note signed apparently by the farmer of whom he had spoken, and it was discounted at the bank. The next day the farmer happened to be in town and it was discovered that the note was a forgery. A warrant has been sworn for this man and he will be prosecuted when apprehended.

Bradley is described as follows: Age, 45 to 50 years; height, 5 feet 9 or 10 inches; weight, 150 pounds; medium build; smooth shaven; rather light complexion; wore a light colored raincoat and a light brown broad-rimmed hat, creased in the center. He was a very pleasant talker and is undoubtedly a dangerous criminal.

A check purporting to have been signed by Mrs. Mary E. Bourke was passed at a saloon in Kansas City, Missouri, on November 9, 1912. This check was deposited in a membership bank in Kansas City and later pronounced a forgery; it was made payable to PUCK BARKER and it was only recently discovered that the check was a forgery. It has developed that Barker is a negro who did some teaming for Mrs. Bourke and he passed the check at the saloon.

Barker is described as follows: Age, 35 years; complexion, yellow; height, 5 feet 8 inches; weight, 160 pounds; wore dark colored clothes and gray slouch hat.

P. C. JOSE, who is a salesman by profession, was recently discharged by his employer in Kansas City, Missouri, and in some way, in leaving, managed to steal some of his blank checks. Later he began cashing these checks about the country, signing his previous employer's name to same. As a rule, he would pass them through a hotel or saloon. In this way one of these checks got by a membership bank in Kansas City, Missouri.

Jose is described as follows: Age, 31 years; height, 5 feet 10 inches; weight, 160 pounds; smooth shaven, very prominent ears, and a heavy cigarette smoker. Banks, and hotels especially, should be on their guard against this man. A warrant is in the hands of the Kansas City Police Department for his arrest. A specimen of his handwriting is reproduced below.

*P. C. Jose*



H. I. CROCKER.

Our detective agents are trying to locate H. I. CROCKER on complaint of a member bank at Poplar Bluff, Missouri, which institution he defrauded by means of three forged checks to which he is alleged to have signed the name of a relative. Crocker is said to have been employed as a salesman in the past. A warrant for his arrest is held by J. P. Kerby, sheriff of Butler County, Missouri.

Crocker is described as follows: Age, 38 years; height, about 5 feet 10 inches; weight, about 160 to 175 pounds; brown hair and blue eyes; slit in lower part of left ear; nose bent to one side; teeth all false, front teeth in upper plate gold; parts his hair in the middle; picture of the Crucifixion and woman's head tattooed on one arm; has a blue serge suit and light gray suit; is an American by birth and uses drugs.

H. M. ROSE, a salesman in oils, who formerly lived in Paterson, New Jersey, opened an account with a bank member of that city in November, 1912. The latter part of the month the account was closed but Rose has since been drawing checks on the Paterson institution and negotiating them in the vicinity of Montreal, Canada.

F. H. MARTIN, representing himself as owning a large cattle ranch near Santa Rosa, New Mexico, also as having large interests in Mexico, recently defrauded a customer of a Sioux Falls, South Dakota, membership bank, by means of a worthless check drawn on the Drovers' National Bank of Kansas City. Martin is 42 years of age, about 5 feet 8 inches in height, has dark complexion, and wears a Shriner's button.

Warning circulars have been sent out by a bank member of New York City relative to a swindler who is securing cash from banking institutions by means of a Circular Letter of Credit, No. 2743, issued by The Deutsche Bank, Berlin, Germany, in favor of John Brust. Advices received from the German bank state that a forgery has been committed in connection with this letter which was originally issued for the sum of £300. The man presenting this letter to banks in this country is described as being 35 years of age, 5 feet 7 inches in height, 210 pounds in weight, dark complexion and dark hair, smooth shaven, Jewish in appearance and wearing a black overcoat with fur collar and black derby hat. Several bank members have already honored this letter and our detective agents are making an investigation with a view to apprehending the man as promptly as possible.

A member bank in New York City has reported the forgery of two or three checks purporting to bear the signature of one of their customers which were written in favor of one JOSEPH ROSENBERG. The bank accepted one of the items but the others were rejected. All of the checks were cashed by merchants, and the party who cashed them is described as follows: Age, 26 to 27 years; height, 5 feet; weight, 115 pounds; slender build, dark complexion and dark hair and eyes. Our detective agents are making an investigation and it is thought the man's identity has been established.

A check forger impersonating Oliver F. Wicks passed a number of bogus certified checks at the stores of merchants in New York City in March, 1913, and banks should be on the lookout for any checks drawn in favor of such a party. The checks were drawn on a member bank on New York but the name of the maker was different in each instance. The real Mr. Wicks had his overcoat containing personal letters and papers stolen sometime ago and the man who got it has been making purchases in Mr. Wicks' name, tendering a good sized check in payment for the goods he bought and securing the difference in cash. In support of his claims he would show Mr. Wicks' papers as a means of identification. He is described as being in the thirties, 5 feet 7 inches in height, weighing 160 pounds, with light complexion and short brown mustache. He presents a good appearance and is a plausible talker.

A North Dakota bank reports a loss through swindle, having paid stolen and forged certificates of deposit. The swindler has been identified as HASSAN SABORH, a Servian Turk, and he is described as follows: Age, 24 years; height, 5 feet 9 inches; weight, 160 pounds; well built, black hair and eyes, very dark complexion, smooth face; has noticeable gold filling in front tooth; is a Mohammedan and will not be found with Christian Turks; by occupation is a notion and dry goods peddler.

A warrant has been issued for the arrest of F. B. ADAMS, alias Roy Adams, alias Freer Adams, for defrauding a Neche, North Dakota membership bank by means of a forged check. Adams is about 23 years of age, about 5 feet 11 inches tall, weighs 155 pounds, has light brown hair, smooth shaven with either gray or blue eyes; slight build, has a prominent chin with lower teeth protruding and set of upper false teeth; is a farm hand and lumber jack by occupation.

A member bank at Akron, Ohio, reports that a man named J. MARTIN MILLER, who was a resident of that city, carried an account at that institution for several years. The account was closed in January, 1913, but since that time Miller has drawn numerous checks on the bank in favor of himself, getting them cashed usually at hotels and places of former acquaintance. These checks have aggregated several hundred dollars and all have gone to protest. Miller is described as being 50 years old, about 5 feet 10 inches in height, weighing about 175 pounds, usually well dressed and speaks in a sort of hesitating manner. He has been employed as a traveling salesman and his operations have been carried on in Cleveland, Ohio; Detroit, Michigan; Washington, D. C.; Albany, New York, and New York City.

A bogus check operator, using the name of HARRY LEWIS, has been swindling merchants and others through means of bogus checks drawn on a bank member of Youngstown, Ohio, supposedly signed by the Republic Rubber Company, per E. E. Albrecht. He has been heard from in Coshocton, Elyria and other Ohio cities. So far as known no member suffered through his operations. Lewis is described as follows: Age, 27 to 30 years; height, 5 feet 7 to 9 inches; build, slender; complexion, light; hair, medium light.

Members are warned against R. L. SNOW, who succeeded in swindling a non-member bank at Hedrick, Oklahoma, by mortgaging some horses and mules which he did not own, after which he left the country, and so far no trace of him has been secured. Snow is described as being about 30 years of age; height, 5 feet 3 inches; crippled in the back and has his right hip out of place; smooth face.

A man giving the name GEORGE W. MANNING, recently swindled a membership bank at Oklahoma City, Oklahoma, by means of a forged check, purporting to be signed by a depositor of the bank. The forgery was perfect and the money was paid to Manning. Manning is described as follows: Age, 35 years; height, 5 feet 8 inches; weight, 150 pounds; eyes, dark; hair, dark; wore a mouse colored overcoat. A warrant is in the hands of the Oklahoma City authorities. He is undoubtedly an expert forger, as the depositor whose name was forged, could not tell the difference between his handwriting and that of the forger.

A man giving the name J. J. BERRY, recently swindled a membership bank by means of a worthless check at Ryan, Oklahoma.

Berry is described as follows: Age, 45 to 50 years; height, 5 feet 7 inches; weight, 165 to 170 pounds; face flushed, effect of drinking intoxicants. This man traveled with a moving picture exhibit as a rule, and sometimes goes under the name of J. F. Berry.

A warrant has been sworn out for him, and is in the hands of the sheriff at Waurika, Oklahoma. The banks throughout that country should guard against his operations. A specimen of his handwriting is shown below.

E. A. FLARHART swindled a membership bank at Ralston, Oklahoma, by mortgaging property which he did not own. This was not discovered until Flarhart had left the country.

He is described as being 45 years old, 5 feet 11 inches tall, weight 180 pounds, blue eyes, black hair, bald on top of head; complexion, ruddy; wears heavy black beard, has large cheek bones and black

eyelashes. This man dresses poorly, and usually wears a large black hat.

A warrant has been issued for Flarhart's arrest, and is with the officials at Ralston, Oklahoma.

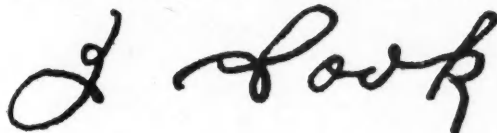
This man is supposed to be in South Dakota. Banks in that territory should be on their guard against his operations.

R. T. BROOKS recently swindled a membership bank at Stratford, Oklahoma, by mortgaging property to them which he did not own and also by selling mortgaged property. He is described as follows: Age, 37 years; height, 5 feet 4 or 5 inches; weight, 130 pounds; build, slim; complexion, florid, caused by drinking intoxicants; dark hair; wore dark brown mustache. A warrant is in the hands of the Stratford officials and they should be advised in case this man is heard from.

Recently a membership bank in Tulsa, Oklahoma, paid two checks purporting to be drawn by a contractor who is a depositor of the bank. The checks were signed with a rubber stamp, and the depositor's name forged to same. It later developed that they were forgeries and the rubber stamp used was slightly different from the one used by this depositor.

The forger, who used the names C. CONLEY and J. COOK, is described as follows: Age, 25 to 30 years; height, 5 feet 8 or 10 inches; weight, 170 pounds; smooth shaven, ruddy complexion, dark hair, dark eyes, and had the appearance of a well driller.

He had ordered and paid for the stamp used on these checks, having secured same at a local stamp company in Tulsa. A warrant is in the hands of the officials at Tulsa, and he will be prosecuted for this offense as soon as apprehended. A specimen of this operator's handwriting is reproduced below.



P. W. BEAN, who is an ex-Probate Judge of Atchison, Kansas, went to Waurika, Oklahoma, and registered at a hotel under the name of W. W. Wood, and while there found a man living in Waurika, who formerly lived in Atchison, and upon learning of this he called on the man, and in talking over old times mentioned several people who were mutually known to them. He finally induced the man to cash a check for him, this man being connected with a bank. Bean represented that he was in the hay and brokerage business, giving Kansas City as his headquarters. The check proved to be worthless. Bean is also wanted for swindling a membership bank at Harrisonville, Missouri, in the same manner.

He is described as follows: Age, 50 or 60 years; height, 5 feet 8 or 9 inches; weight, 150 pounds; eyes, gray; hair, gray, closely cropped; wore dark clothes and derby hat. He wore a Shriner's pin and claimed to be a member of the Abdallah Shrine at St. Joseph, Missouri.

A non-member in Philadelphia, Pennsylvania, reports that a man representing himself to be the authorized agent of a corporation known as the Trend Publishing Company, is endeavoring to sell stock to bankers and others and claiming that prominent officials of the Curtis Publishing Company in that city are behind the enterprise and heavy stockholders. We are advised that statements to this effect are absolutely false.

Our detective agents are searching for W. N. WOODBURY, alias W. T. Woodbury, who has cashed a number of checks on which the name of a depositor of a membership bank of Philadelphia, Pennsylvania, has been forged. Two bank members and

several individuals have lost through the operations of this party. Woodbury is described as about 30 years of age, 5 feet 4 inches in height, between 130 and 135 pounds in weight, dark, rather sallow complexion, dark wavy hair and dark eyes. He has been a jockey and race track tout and associates with people who follow horse racing.

It is reported that drafts in small denominations are being issued in various parts of the country against the Curtis Advertising Company of Philadelphia, Pennsylvania. So far as known there is no such company in existence.

The bank book of a depositor was stolen and taken to a bank member at Pittston, Pennsylvania, where the swindler succeeded in getting some of the depositor's savings. The identity of the party who got the cash has not been clearly established.

Our detective agents are looking for a man named RICHARD JOSHUA VINCENT who is wanted in connection with a complaint made by a bank member at Aberdeen, South Dakota, which has been defrauded by means of a forged endorsement. Vincent has been an operator of a pool and billiard parlor and is reported to be living in or near some town in Michigan.

A check forger has recently been operating in Nashville, Tennessee, and that section, using the name of JAMES McCALL. His checks were drawn on a bank member at Little Rock, Arkansas, to the order of James McCall and purported to bear the signature of W. T. McCall. A member bank of Nashville was one of the victims of this forger. He is described as being 30 years of age, 5 feet 11 inches in height, weighing 130 pounds, with dark hair and complexion and well dressed.

A man representing himself to be a naval officer, displaying some badges or medals to prove his identity, has been drawing checks on a bank member at Galveston, Texas. He has used the names HARRY RUSSELL, Henry Russell and George W. Smith and is undoubtedly a professional check operator as he never had an account at the Galveston bank.

A bogus check operator and swindler using the name of CHARLES WEBER recently defrauded several storekeepers in Houston, Texas, by means of worthless checks or drafts, purporting to be drawn by the Scranton Engine and Electric Co., Pittsburgh-New York, on the Second National Bank of New York, further purporting to bear the signature of Robert R. Marshfield, President, and J. D. Weber, Secretary.

Weber's mode of operation is to first form the acquaintance of a member of some real estate firm in the city in which he desires to operate, claiming that he is a prospective land purchaser. On the strength of this he will seek an introduction to the head salesman or manager of some large clothing house and make a purchase amounting to \$35 or \$40. He then renders a check or draft as above described, calling for an amount largely in excess of his purchase and asks to be given the difference in cash. He is generally successful in this and as soon as he secures his purchase and the difference in cash he makes his get-away. Weber is described as follows: Age, about 35 years; height, 5 feet 8 inches; weight, between 160 and 165 pounds; complexion, fair; hair, chestnut; eyes, blue; mustache, blonde and small; wore a solitaire in his scarf, also wore diamond ring, but do not know on which hand.

Members are warned against cashing checks presented by one C. WESTON and an accomplice. An individual using this name recently successfully operated against a bank member in Houston, Texas. His mode of operation is to first learn the name of the paying teller of the institution on which he seeks to operate. He then generally selects a day when

the teller's window is besieged by a crowd and gets in line. In the meantime he addresses the teller by name and seeks to be familiar with him. His accomplice also gets close to the teller's window and joins in the conversation, and in the meantime Weston presents a check purporting to be drawn on the First National Bank of Crockett, Texas, on the Hanover National Bank of New York, for payment. The teller, thinking that he recognizes the man as a customer and in the rush of business, invariably cashes the check. This has happened on two or three occasions.

These parties are amply supplied with the above described checks, which are an old issue and no longer used by the First National Bank of Crockett. Members are cautioned to be on the lookout for parties presenting such checks for payment, and would do well to detain parties presenting such checks for payment, and if possible cause their arrest. A specimen of Weston's handwriting is shown below.

*B. Weston*

Description of Weston: Age, about 35 or 33 years; height, about 6 feet; weight, about 180 pounds; eyes, brown; hair, dark; mustache, small brown; wore derby hat, four-in-hand tie and dark suit of clothes.

Description of Weston's accomplice: Age, about 35 years; height, about 5 feet 8 or 9 inches; weight, 150 or 165 pounds; complexion, fair; eyes, blue; color of hair, not noted; was clean shaven and wore gray suit of clothes and derby hat.



CHARLES E. THUSLOW.

CHARLES E. THUSLOW, alias Charles E. Huslow, James Hill, S. Jordon, S. Gordon, Thomas W. Hill, Harry Gordon, Harry Gordonson, Stephen Colon, Clark O'Connor, Feleyear, Sharpe, etc., whose activities were last reported in the JOURNAL on page 599, March, 1913, has been identified by United States Secret Service Agent Charles E. Wright as a well-known check operator who, under the name of Harry West, was sentenced to the Atlanta, Georgia, prison for three years. He has been released within the past few months and from reports at hand it is evident he is at his old tricks again. The United States Government is particularly anxious to get this man. He generally poses as a sailor but also has dressed as a soldier and claimed to belong to the United States Army.

A description of this man furnished by the Baltimore, Maryland, police department is as follows: Age, 39 years; height, 5 feet 7 inches; weight, 152 pounds; medium build; chestnut hair; fair complexion; light violet eyes; nose slightly concave; upper front teeth decayed.

Bertillon measurements: Hgt., 70.0; O. A., 73.0; Tr., 90.0; H. L., 18.7; H. W., 15.8; Ck. W., 14.5; E. L., 6.7; L. F., 26.0; M. F., 11.6; L. F., 9.0; F. A., 46.7;

tattooed both arms and both legs and back, "N. G." with anchor between thumb and index, rear, right.

Other articles concerning this forger have been printed in the JOURNAL of April, 1910, pages 434 and 437; May, 1910, page 497.

H. C. HUTCHINS, alias H. L. Gilbert, is wanted for forgeries committed at Salt Lake City, Utah, Bingham Canyon, Utah, and Pasadena, California, in connection with several checks, some of which he succeeded in cashing at member banks at the places mentioned. He is described as follows: Age, about 42 years; height, 5 feet 8 inches; weight, 185 pounds; heavy build with large stomach; dark complexion; dark hair and eyes; smooth shaven, full face with double chin; walks flat-footed.

A member bank at Logan, West Virginia, reports that they have been defrauded by a man known as JAMES HOLLIS, alias Emery Halarz, a Hungarian, by means of a forged endorsement. Our detective agents are making an investigation of the matter. Hollis is described as about 35 years old, 5 feet 6 inches tall, weighing 165 pounds, light brown hair, smooth face, miner by occupation.

Our detective agents report that one HARRY GROSSMAN has been swindling merchants and others in Columbus, Ohio, and Wheeling, West Virginia, by means of worthless checks drawn upon a bank member at Columbus, Ohio. Grossman is described as follows: Age, 32 years; height, 5 feet 8 inches; hair, dark; eyes, dark; smooth face; nationality, Jew; speaks English fairly well.

GENERAL.

The following arrests and court actions are not included in the statistics as reported. Their publication, together with other data, being a precautionary measure:

What will eventually prove one of the most gigantic conspiracies that has occurred for a long time and one of international interest, is that of the firm of A. MUSICA & SON, of New York City, who have been carrying on the business of importers for thirty years.

In 1909 this firm was prosecuted by the Government for under-valuation of shipments of cheese. This resulted in the plea of guilty on the part of Philip Musica, son of the firm.

Recently it was noticed that the concern had grown to immense proportions, so much so that it was commented upon by banks who were handling the drafts. Finally, an episode occurred in London, wherein a draft was turned down temporarily by a bank, which caused the banks in New York to make a few inquiries into what were apparently irregular methods of this concern.

Promptly THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, Inc., was called into the case by interested parties, and after a day's investigation disclosed the fact that it was of an exceedingly serious nature.

Messrs. Rushmore, Bisbee & Stern, attorneys, representing banks that had been defrauded, then requested Mr. William J. Burns to personally take charge of the investigation, as it was seen that it would involve a great deal of money and many banks and large business concerns.

Mr. Burns promptly sought to locate A. Musica, sons and others connected with them and sprung a surprise in developing the fact that they had fled. Then began one of the most sensational chases that has ever occurred in this country.

The detective agents promptly sought out each member of the firm and family, and were able, after two days, to trace the family from New York to Washington; from Washington to Atlanta, Ga.; from Atlanta to Mobile, Ala.; from Mobile, Ala., to a suburban town, where the family sought to take the fast train for New Orleans, but finding it did not stop there went further to a second town where they embarked for New Orleans. On their arrival at New Orleans they were apprehended.

The outcome of this chase shows what can be accomplished by having offices in the various cities throughout the country.

After learning that the Musica family had left New York, Mr. Burns promptly communicated with his Baltimore office and they immediately took up the case at Washington and traced them to Atlanta, Ga. The Atlanta office then took up the matter and traced them to Mobile, Ala.; the New Orleans office took the matter up at Mobile, Ala., and traced the fugitives to New Orleans.

Operatives shadowed them to the De Soto Hotel and then to the S. S. "Heredia," where they were about to sail for Honduras.

Here the Burns representatives called in the police and with their aid broke into the cabin and found the Musica family, six in number, the father, three sons and two daughters. They were searched and there was found on them \$76,000 in cash.

In the meantime, the New York office of the detective agents began to straighten out this matter, and then learned the magnitude of the swindle.

A representative of the New York office went to New Orleans and succeeded in securing a confession from Philip Musica. We understand that the confession will result in the recovery of considerable more of the money that the Musicas have hoarded through their alleged swindling operations.

W. G. ANDERSON, fifty-one years of age, was arrested at Louisville, Kentucky, March 9, 1913, on a charge of uttering a worthless check for \$25 drawn on a bank member and paying for a pair of shoes with same, receiving cash in change.

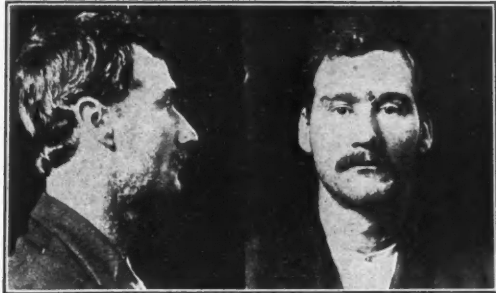
Photographs of FRED CANN, who was arrested at Bakersfield, California, and turned over to the United States Government authorities, were submitted to the bank member at Carrizozo, New Mexico, who had been swindled by B. F. Parker. The photographs could not be identified as those of Parker. For that reason we are taking Cann's name from the waiting trial list and also making proper correction in the statistics. JOURNALS March, 1912, page 561, and July, 1912, page 35.

WILLIAM FLYNN, alias "Big Charley"; JAMES HARPER, alias Charles Miller, alias Nashville Jim, alias Bandy; WILLIAM THORNTON, alias George Keeman, and J. P. MONTAGUE, alias Ed. Paragould, alias Barrigs, alias William St. Clair, alias J. M. Harris, the four yeggs arrested for an attempt to blow the vault of a bank member at Dahlonega, Georgia, as told on page 606, March, 1913, JOURNAL, were remanded to the Atlanta, Georgia, jail in default of furnishing \$10,000 bail. Photographs of the four yeggs are reproduced herewith.



WILLIAM FLYNN.

Description: Nativity, America; age, 50 years; height, 5 feet 7 inches; weight, 210 pounds; build, stout; eyes, chestnut; hair, black, slightly gray; complexion, medium. Bertillon: Hgt., 70.4; O. A., 79.0; Tr., 92.5; H. L., 19.3; H. W., 15.1; C. W., 13.9; R. E., 7.9; L. Ft., 27.0; M. F., 11.8; L. F., 9.3; F. A., 47.6.



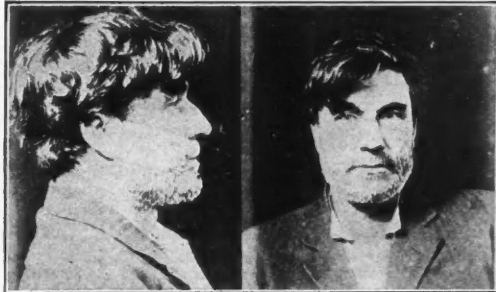
JAMES HARPER.

Description: Nativity, Alabama; age, 25 years; height, 6 feet 2½ inches; weight, 195 pounds; eyes, brown; hair, dark; build, medium slender; complexion, medium. Bertillon: Hgt., 89.5; O. A., 90.0; Tr., 100.0; H. L., 19.6; H. W., 14.8; C. W., 14.5; R. E., 7.2; L. Ft., 30.3; M. F., 12.6; L. F., 9.6; F. A., 50.8.



WILLIAM THORNTON.

Description: Nativity, America; age, 26 years; height, 5 feet 5 inches; weight, 162 pounds; eyes, chestnut; hair, dark; complexion, dark. Bertillon: Hgt., 66.8; O. A., 66.0; Tr., 86.0; H. L., 18.3; H. W., 14.5; C. W., 13.1; R. E., 6.1; L. Ft., 25.1; M. F., 11.5; L. F., 8.9; F. A., 44.7.



J. P. MONTAGUE.

Description: Nativity, America; age, 52 years; height, 6 feet ¾ inch; weight, 200 pounds; build, stout; eyes, chestnut; hair, black, tinged with gray; complexion, medium. Bertillon: Hgt., 84.9; O. A., 91.0; Tr., 97.4; H. L., 20.3; H. W., 14.7; C. W., 14.3; R. E., 7.2; L. Ft., 29.5; M. F., 13.1; L. F., 10.2; F. A., 47.6.

EMMETT DARRAH, of Chattanooga, Tennessee, was arrested at El Paso, Texas, on March 17, 1913, on a charge of embezzlement of \$4,200 from a membership bank of Chattanooga. The money embezzled by Darrah was placed in his custody by the bank to be taken to Washington, D. C., for redemption.

We are in receipt of information from our detective agents at Boston, Massachusetts, that F. HENRY, whose operations are reported on page 603 of the March, 1913, JOURNAL and who on February 15, 1913, pleaded not guilty on a charge of passing a worthless check, has since changed his plea to guilty and has been placed on probation.

LLOYD S. KINGSBURY, who has been defrauding hotels and individuals on worthless checks drawn on Salt Lake City banks, and who defrauded a depositor of a bank member in Los Angeles, California, is now under arrest in Denver, Colorado, awaiting trial for defrauding the United Cigar Company of Denver on worthless checks. In the event that he is not convicted in Denver, he will be extradited and taken to Los Angeles, California, to stand trial. Kingsbury posed as an insurance agent from Salt Lake City and succeeded in defrauding individuals for the past year.

T. L. KNOWLES and N. C. MEEK, at the expiration of a six months' sentence for using the mails to defraud, were returned to Phoenix, Arizona, and given a five years' suspended sentence for forgeries committed against a bank member of that place. JOURNALS, May, 1912, page 695, and January, 1913, page 459.

A man using the name of J. O. LYONS was recently arrested in Del Rio, Texas, and returned to Gainesville, Texas, by deputy sheriff of that town on a charge of felony swindling. Lyons represented himself to several business men in Gainesville as a stock salesman of the Republic Trust Company of Dallas, making sales through the firm of A. Silvers & Co., its sales agents. He was plentifully supplied with printed matter, etc., of these two institutions, and succeeded in swindling several people out of hundreds of dollars through bogus-check transactions. He also secured a letter of introduction from a prominent banker in Gainesville and used this letter as a means to swindle J. W. Andress out of \$500 in money and a Mr. Schenk out of \$600 worth of stock in other corporations.

Lyons is described as follows: Age, about 30 or 35 years; weight, about 145 or 150 pounds; complexion, light; eyes, blue; hair, sandy, slightly bald; appearance, extraordinarily good. Wore brown suit, with rough, gray hat.

TOM MALONE, alias Tom Moran, was arrested February 13, 1913, at Louisville, Kentucky, on a charge of passing a number of worthless checks on saloon men in that locality. His method of operation was to buy a drink in the saloon and tender a check for a small amount in payment of same, receiving cash for the balance of the check.

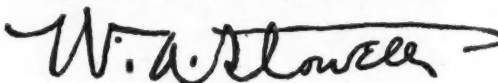
JAMES J. O'BRIEN, a resident of St. Louis, was arrested February 16, 1913, at Montgomery, Alabama, on a charge of obtaining money under false pretenses. He represented himself as a land agent, and defrauded parties of that city by having them cash a bogus check drawn on a St. Louis bank.

J. L. OSTRUM, whose arrest and escape later was published in the February, 1913, JOURNAL, page 533, together with his description, under the name of Knox W. Morris, wanted for swindling several merchants in Oklahoma by means of bogus and worthless checks, has been apprehended and again placed under arrest, and he is now in jail at Georgetown, Texas, awaiting trial. Five indictments have been found against him.

Recently a man known as WARREN A. STOWELL was arrested in Milwaukee, Wisconsin, on a charge of forgery, he having passed a number of worthless checks on a member bank of Kilbourn, Wisconsin.

While the bank did not suffer any loss by this transaction, he is being prosecuted by a number of merchants on whom he passed the fraudulent checks in the City of Milwaukee.

Signature of Stowell is reproduced below.



ALBERT CHARLES UECKE, whose photograph was reproduced on page 603 of the March, 1913, JOURNAL, but, by error on the part of the printers, was published over the name of Frederick L. Doscher, was killed in a railroad wreck in California, according to a report received by our detective agents. Uecke was wanted for defrauding a bank member at Hustisford, Wisconsin. The cut shown over the name of Charles Uecke is that of Frederick L. Doscher.

JOHN B. WHITEHEAD, who was recently arrested in Louisville, Kentucky, on a charge of forging the name of a depositor of a bank member of Louisville, on February 12, 1913, was tried, convicted and sentenced to serve from one to five years in the penitentiary.

#### ARRESTED.

A member bank of Des Moines, Iowa, was defrauded by cashing two customers' checks which had been forged.

The matter was reported to our detective agents, who decided that these forgeries had been committed by a former employee of the bank's customer whose name had been forged, and on March 15, 1913, one of these former employees was located by our detective agents, and later positively identified as the man who had cashed the fraudulent checks.

He was then placed under arrest and taken to the office of the Justice of Peace, where he gave his name as A. ANDERSON. He pleaded guilty and is now being held to the Grand Jury under \$500 bond.

The Iowa Bankers' Association co-operated with this Association in bringing about the arrest of this forger.

GEORGE J. ATKINSON, wanted on three charges of forgery preferred by a bank member at Boston, Massachusetts, was taken into custody on information furnished by our detective agents at Bangor, Maine, on January 29, 1913, while employed as an engineer on the Bangor & Aroostock Railroad. He was returned to Boston on January 30th and was arraigned in court the same day.

Our detective agents, co-operating with the local authorities, arrested two bad men known as "JOHNNY BULL" and "CLEVE GEORGE" in Dallas, Texas, on March 19, 1913, who are thought to be implicated in the burglary of a member bank at Bastrop, Louisiana, which was reported on March 8, 1913. When taken into custody the men had in their possession \$3,000 in cash and a quantity of diamonds which is supposed to have been stolen from the bank. An investigation is still being made in connection with this matter.

Our detective agents at Cleveland, Ohio, caused the arrest on March 7, 1913, of one TONY CALISTANO, who forged the name of Frank Morello to a check, cashing same at a member bank. Calistano has been held for the Grand Jury.

A man giving the name of C. CARR recently entered a membership bank at Hudson, Kansas, and represented himself to be traveling for a lithograph



company of Topeka, Kansas. He was suspected by the bank of not being right; subsequently, when he tried to pass a personal check, he was immediately arrested. Carr is described as follows: Age, 30 to 35 years; height, 5 feet 11 inches; weight, 150 to 180 pounds; hair, dark; face, rather sharp; eyes, dark.

**WILLIAM ROSE COOK**, alias J. R. Cook, was arrested on November 12, 1912, at Madison, Illinois, by a representative of our detective agents and a police officer of that place. He was returned to Olathe, Kansas, to stand trial on a charge of forgery preferred by a bank member of Edgerton, Kansas.

A membership bank in Kansas City, Missouri, on March 14, 1913, received a telegram purporting to be sent by a Sedalia bank to the effect that they would honor a draft drawn by R. L. Harris and waive identification. Harris secured the money, and it later developed that the telegram was bogus.

The matter was turned over to our detective agents, and on March 18, 1913, Harris was arrested in Kansas City by our detective agents and the local police department. This man said his name was **JOSEPH W. CAVENDER**, and made a full confession of his crime. He also stated that he had tried to secure money from other banks in a similar manner, and would have undoubtedly done so had he not been arrested for this offense.

Cavender is a telegrapher by profession and understands the methods used by banks wiring each other regarding such transactions as the above.

A bank member in Houston, Texas, on March 12, 1913, had a man by the name of **L. A. CHRISTENSEN** present a check at the teller's window and purporting to bear the signature of a depositor, the check in question calling for \$30. The teller, noting that the signature of the check being different from the signature of customer, detained Christensen under a pretext sufficiently long enough to phone the police, with the result that Christensen was arrested and taken immediately to the Police Court, where he was given a hearing. He admitted having forged the customer's name to the check, giving as an excuse that he was intoxicated and in trouble and needed money. Learning that the customer whose name he forged had an account with the bank in question, he conceived the idea of forging the customer's name to the check in order to obtain funds. Christensen was bound over to await the action of the Grand Jury, being presently confined in the County Jail. His description is as follows: Age, 30 years; height, 5 feet 9 3/4 inches; weight, 151 pounds; build, medium; complexion, medium; hair, dark brown; eyes, bluish gray; occupation, clerk.

**WILLIAM A. COUTANT**, whose picture was published on page 31 of the July, 1912, JOURNAL, and whose operations and description were reported in the JOURNALS of March and November, 1910, pages 378 and 309 respectively, and June, 1912, page 761, was indicted in the District of Columbia and later arrested on complaint of a bank member at Washington and held for trial.

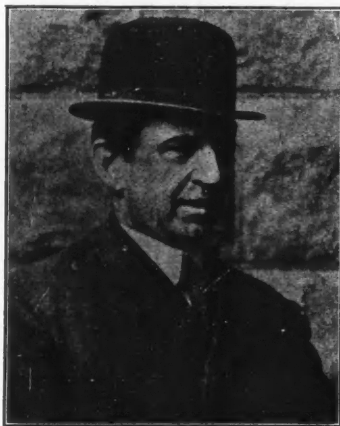
A membership bank of Marshfield, Oregon, reported, March 1, 1913, that a party using the name of **WILLIAM E. EDMONDS** had forged the signature of one of their depositors to a number of checks. The forgery was well executed and it is evident he was familiar with the depositor's signature and method of making out checks.

Edmonds is described as being 6 feet 1/2 inch tall and weighing 170 pounds; age, 45; light complexion, brown hair streaked with gray and parted in the middle, light growth of gray beard, smooth shaven, neat appearance, stands erect; occupation, mechanical draftsman.

Edmonds, whose real name is **WILLIAM EDMONDS**, was arrested at Price, Utah, March 11th, and will be returned to Oregon for prosecution. The Oregon Bankers' Association is co-operating with this Association in the prosecution of this case.

Recently a young man named **THOMAS FITZGERALD** entered a membership bank in Kansas City, Missouri, and attempted to pass a check for \$700. The check was not cashed owing to the fact that it was so large and that Fitzgerald was unable to identify himself. On account of the actions of this man the bank immediately called a city detective and had him arrest Fitzgerald. Fitzgerald is described as follows: Age, 19 years; height, 5 feet 11 inches; weight, 165 pounds; complexion, light; hair, light; eyes, blue.

**LEON S. HALL**, alias Laverne Hall, alias L. L. Howard, alias Martin Degraff, reported on page 600, March, 1913, issue of the JOURNAL, as drawing checks against a member bank of Alleghen, Michigan, after passing a worthless check drawn on a Muskegon, Michigan, bank, was arrested by the police officers of Grand Rapids, Michigan, on March 16, 1913. It is alleged that Hall secured money on bogus checks at Kalamazoo, Lansing and Holland, Michigan. He defrauded a bank member at Ionia, Michigan.



L. M. HUNTER.

A membership bank of McKeesport, Pennsylvania, made complaint to the Pittsburgh Office of our detective agents that they had been defrauded by means of a bogus draft which they had cashed for a man who gave the name of George R. Salisbury, requesting that an immediate investigation be made for the apprehension of the criminal.

A representative of our detective agents was detailed on the case the same day that the membership bank was defrauded, and it was soon ascertained that the criminal was none other than **L. M. HUNTER**, alias J. Colby Harrington, alias John C. Huntington, and an old-time offender against banks.

Our detective agents, with the assistance of a membership bank at Irwin, Pennsylvania, succeeded in causing the arrest of Hunter at Hamburg, Pennsylvania, March 18, 1913, from which point Hunter had been drawing checks on the Irwin bank.

Hunter was returned to McKeesport, Pennsylvania, and on March 21, 1913, pleaded guilty before Justice W. D. Mansfield, of McKeesport, to having defrauded the membership bank there. He was held for Court and sent to the Allegheny County Jail in default of \$1,000 bail. No date has yet been set for his trial.

Mention of this criminal was made in JOURNALS, June, 1911, page 742; May, 1912, page 696, and September, 1912, pages 183 and 185. A photograph of Hunter was also reproduced on page 474 of the February, 1911, JOURNAL, all of which shows that membership banks should pay close attention to what is published under Protective Department news in

the regular monthly JOURNAL. Banks, by doing so, could often save themselves losses. The result of the trial of this criminal will appear in a later issue.

**J. D. JOHNSON** was arrested by the sheriff of Seymour, Texas, on March 13, 1913, on information furnished by our detective agents. Johnson is wanted at Stratford, Oklahoma, on complaint of a bank member of that place, accusing him of swindling by means of selling mortgaged property.

**HENRY JONES**, alias Henry Wilson, a negro, was arrested by a representative of our detective agents and Captain of Police N. Calabrese at Torrington, Connecticut, on March 24, 1913, on a charge of forgery preferred by a bank member of Lakeville, Connecticut. The check was cashed by Jones at Millerton, New York. He was returned to Millerton, March 27th, to be arraigned before the Justice of the Peace of that place.

Jones is described as follows: Age, 35 years; height, 5 feet 7 inches; weight, 160 pounds; complexion, dark; smooth face; no facial marks.

**R. L. KEITH** was arrested by our detective agents and the local authorities on March 26, 1913, at Savannah, Georgia, who is charged with defrauding a bank member at Chattanooga, Tennessee, earlier in the month by means of bogus checks. He is to be taken back to Tennessee to answer to the complaint.

A bank member at Exeter, California, on February 24, 1913, reported a forgery by one **J. D. KENDALL**, husband of its depositor. Our detective agents investigated the case, and after tracing Kendall to Nevada and back to California, caused his arrest at San Francisco on March 8, 1913. Mrs. Nancy A. Kendall swore to the complaint against her husband at Richmond, California. She made a demand on the bank at Exeter for the amount of the alleged forged check. The bank refused to pay her until the case was disposed of. Kendall was taken to Richmond for trial.

**L. B. LANKASTER**, who with an accomplice attempted to defraud a bank member of Tucson, Arizona, on a worthless check for \$35,000 drawn on a bank member of Fort Worth, Texas, was arrested in Fort Worth, March 14, 1913, on warrant held by a Tucson bank and is now awaiting trial.

Lankaster succeeded in defrauding several banks and individuals in the South on worthless checks. He posed as a cattleman who had recently sold \$35,000 worth of cattle and desired to locate permanently in Tucson in the real estate business, and through a real estate firm there was introduced to the bank.

A man using the name of Frank LeMoyné was arrested as he was alighting from a train at Jacksonville, Florida, by the police of that city. He was taken into custody to answer to a charge of swindling Paine, Webber & Co., a firm of brokers at Boston, Massachusetts.

Our detective agents were notified of the arrest and an investigation developed the fact that LeMoyné was none other than **FREDERICK A. MARK**, who, early in December last, succeeded in defrauding a bank member at Red Hook, New York, by means of a forged certified check. See JOURNAL, January, 1913, page 453. As soon as the check was negotiated at the bank at Red Hook, where Mark had been living for a year or more, he disappeared and all trace of him appeared to be lost. He evidently decided to make another strike, however, and the early part of March, 1913, he gave Paine, Webber & Co., the Boston brokerage house, a check drawn on a New York bank member to be placed to his credit. He then selected fifteen industrial bonds, giving the Boston brokers a check drawn on themselves and payable to their order. These bonds he pledged as security with another bank member in Boston for a good-sized loan and started for the South.

Mark is also wanted in connection with a forgery transaction reported in the October, 1911, JOURNAL,

page 227, at which time he operated under the name of Charles W. McCann. He has been taken back to Boston for trial.

Recently a man giving the name of **C. B. MATTINGLY** went to Marionville, Missouri, and represented himself as in the market for a farm. He decided on a \$14,000 place, and to bind the bargain gave a check drawn on a membership bank at Beebe, Arkansas. Before Mattingly left Marionville it was discovered his check was worthless, and was arrested on this charge. In the meantime it was learned that Mattingly was wanted at Mount Grove, Missouri, and Beebe, Arkansas, for the same kind of a swindle. At the latter place he succeeded in defrauding a bank member for a small amount. The Arkansas Bankers' Association is co-operating with this Association in the prosecution of this case.

**WILLIAM F. NEISS**, after a brief investigation of our detective agents, was placed under arrest on March 14, 1913, charged with passing a check which he had stolen from the firm by whom he was formerly employed and on which he had forged the endorsements of the payees. The young man took the check to a member bank at Los Angeles, California, who cashed it for him. The California Bankers' Association is co-operating with this Association in the prosecution of this case.



FREDERICK GEORGE PALMER.

**FREDERICK GEORGE PALMER**, alias George Fisher, alias Charles Webb, who defrauded a Los Angeles, California, member by means of forged checks, is now under arrest at Los Angeles, where he is awaiting trial.

Palmer, whose occupation is that of a machinist, claims to have come from Philadelphia. He has also been in Providence, Rhode Island, and in Seattle, Washington, and San Francisco, California.

It is believed that he is wanted in other cities on similar charges.

Palmer is described as follows: Nativity, England; occupation, machinist; age, 34 years; height, 5 feet 6 inches; weight, 150 pounds; build, muscular; complexion, florid; eyes, dark blue; hair, chestnut; face, smooth shaven. Bertillon: Hgt., 65.4; O. A., 68.5; Tr., 89.0; H. L., 18.3; H. W., 14.6; C. W., 13.2; R. E., 6.7; L. Ft., 25.6; M. F., 12.0; L. F., 8.9; F. A., 45.4.

This case is being prosecuted in the interests of this Association and the California Bankers' Association.

**LAWRENCE W. PUCKETT**, alias Edward A. Page, alias Packett, alias Terry, alias Goldberg, was, on February 24, 1913, arrested in San Antonio, Texas, by the police of that city at a local hotel, where he was stopping with his wife, whom he had but recently married in Little Rock, Arkansas.

Puckett has been wanted for some time and has

succeeded on several occasions in defrauding members as well as storekeepers and others out of money by means of forged checks. The authorities of Peoria, Illinois, hearing of Puckett's arrest, and having first claim on him, sent an officer to San Antonio, who took Puckett back to Peoria to stand trial. Puckett is wanted in Peoria for having swindled a bank member several months ago by means of forged checks. JOURNALS, May, 1912, page 693; October, 1912, page 252, and November, 1912, page 317.

C. W. SCHERBERG was arrested recently in New Orleans, Louisiana, and returned to Grenada, Mississippi, to face charges of issuing bogus checks against a member bank at that point. Scherberg deposited a check and requested that the same be credited to his account. He later gave bogus checks on his supposed account to individuals, the bank honoring same upon presentation. He is described as follows: Age, 48 years; height, 5 feet 8 inches; weight, 145 pounds; build, slender, stoop-shouldered; complexion, light; eyes, blue; hair, gray; style of beard, mustache; nativity, St. Louis, Missouri; appearance, good; dress, neat.

RUSSELL R. SEIDLER, whose criminal work as a forger and bogus-check operator was reported in the February, 1913, JOURNAL, page 531, was arrested by a representative of our detective agents and the local authorities on March 25, 1913, at Sacramento, California. Seidler is wanted to answer charges preferred by two member banks at Wenatchee, Washington, and one at Los Angeles, California. The California Bankers' Association co-operated with this Association in bringing about the apprehension of this operator.

LEO SONNEBERG was arrested by our detective agents at a bank member in New York City on a charge of forgery. He is accused of passing several forged checks to which he forged his son's name, a depositor of the bank member. The son has declared the checks to be forgeries and the father admitted he committed the forgeries.

Sonneberg is described as follows: Age, 51 years; height, 5 feet 7½ inches; weight, 170 pounds; complexion, sallow, medium full face; hair, light brown, appears gray; eyes, blue; clean shaven, Jewish cast of features, poor teeth; two large burn scars on right cheek.

Recently a young man walked into a membership bank in Kansas City, Missouri, and asked for a check book, stating that he carried an account in the bank. Later in the day the young man returned to the bank and requested that they cash a check for him for \$15, which bore the name of a depositor. The bank asked for identification, and while calling on the telephone the young man left the bank and disappeared. This man, whose name was A. H. TILLY, also had a check cashed by a restaurant man for a small amount, and which proved to be a forgery, and for this crime he was arrested.

L. C. THOMPSON went to a member bank at Newport, Kentucky, on February 21, 1913, and representing himself to be A. E. Darkenwald, a responsible business man living at Wimbledon, North Dakota, attempted to secure cash from the Newport bank by means of a forged draft and a bogus telegram. His plans miscarried, however, and the following day he was placed under arrest. He was later identified as a professional crook and that there was an indictment standing against him for using the mails to defraud. He will be first tried in connection with the Government case. He is described as 38 years old, 5 feet 1 inch in height, weighing 195 pounds, light complexion, light gray eyes, small wart on right side of nose, one-inch scar on chin, bald on crown of head.

The reproduction of the photograph of CHARLES E. WHEELER, alias Howard E. Farnsworth, which appeared on page 604 of the March, 1913, JOURNAL, has been positively identified as a likeness of HOW-

ARD E. MILLER, who defrauded a bank member at Tulsa, Oklahoma, a year ago by means of a bogus certified check.

A bank member at San Francisco, California, reported, on February 19, 1913, three forgeries. Our detective agents, representing this Association and the California Bankers' Association, investigated the case and ascertained that the forgeries had been committed by one HARRY F. WILLIAMS. While searching for Williams, our detective agents ascertained that he had been arrested at Santa Cruz, California, on a charge of passing a fictitious check. Williams also used the names William M. Wheeler, Harry M. Wheeler and Harold H. Churchill.

CHARLES WOLLIVER has been arrested in Milwaukee, Wisconsin, in connection with the burglary of a bank member at Portage, Ohio, and returned to Bowling Green, Ohio, for trial.

REMOVED.

W. L. ALEXANDER, whose arrest was reported on page 605 of the March, 1913, issue of the JOURNAL, was returned to Chicago, Illinois. The case against him was dismissed in the Criminal Court.

GEORGE J. ATKINSON, alias Anderson, of Boston, whose operations were reported on page 605 of the March, 1913, JOURNAL, was, on March 11, 1913, at Boston, Massachusetts, sentenced to Massachusetts Concord Reformatory for an indefinite term on three charges of forgery preferred by a membership bank at Boston.

W. H. BISHOP was brought to trial at Chicago, Illinois, on a charge of defrauding a bank member by issuing checks to which he was accused of forging the signature of a relative. The case was dismissed on a technical point of law, it being brought out by the defense that Bishop had previously been given authority to sign checks for the relative. JOURNAL, December, 1912, page 184.

The case against D. I. BRENZER, whose arrest by a representative of our detective agents was reported in the JOURNAL of December, 1912, page 386, has been dismissed, the accused making restitution to the bank.

C. CARR, whose arrest is recorded in another column, escaped and is now being sought by our detective agents.

JOSEPH W. CAVENDER, whose arrest is reported elsewhere in this issue, pleaded guilty to a charge of swindle and received a sentence of two years in the Missouri Penitentiary.

WILBERT CHAPMAN, arrested for defrauding an Aberdeen, South Dakota, bank member of the Association, has pleaded guilty to the charge of obtaining money under false pretenses and has been sentenced to serve one year and three months in the South Dakota State Prison. JOURNAL, February, 1913, page 533.

WILLIAM A. COUTANT, whose arrest is recorded elsewhere in this JOURNAL, was finally brought into court, pleaded guilty to the indictment against him, and was released on probation. This man is a dangerous criminal with a considerable record of known operations, and member banks will do well to note that he has been released and is again in position to operate against them.

The case against DAVID DOWD, who was arrested in connection with an attempt to defraud a bank member of New York City by means of a forged check, has been dismissed by the Grand Jury. ED-

WARD MULLER, who presented the check in question, has been indicted by the Grand Jury. JOURNAL, March, 1913, page 607.

HARRY GOULD, alias Gold, whose arrest was reported on page 256 of the October, 1912, JOURNAL, was convicted of forgery on September 27, 1912, and sentenced to the New York State Reformatory at Elmira, New York.

CHARLES J. GREENAWALT, alias T. E. Meyers, alias H. B. Lerch, whose arrest by our detective agents was reported in the January, 1913, JOURNAL, page 457, pleaded guilty on March 7, 1913, to a charge of forging a check which he succeeded in cashing at a member bank at Rimersburg, Pennsylvania, and was sentenced to pay a fine of \$50 and undergo imprisonment in the Western Penitentiary for not less than 15 months and not more than five years. He also pleaded guilty to passing another forged check at a member bank at Clarion, Pennsylvania, but sentence was suspended on account of the sentence imposed in connection with the other case against him.

LEON S. HALL, whose arrest is recorded elsewhere in this issue, was turned over to the Ionia prison, where he was wanted for violating his parole for larceny of an automobile.

JACOB HOPP, reported on page 606 of the March, 1913, JOURNAL, has pleaded guilty to taking money under false pretenses. He has reimbursed the bank he defrauded and received a sentence of thirty days in county jail and \$50 fine.

On March 12, 1913, J. D. KENDALL, whose arrest is recorded in another column, was given a hearing at Richmond, California. His wife appeared before Judge and said that she had written the check in question but had forgotten about it. The judge then telephoned the District Attorney of Contra Costa County and the case against Kendall was ordered dismissed by him. Neither the California Bankers' Association nor our detective agents were notified that Kendall was to have so rapid a hearing, and no evidence was introduced before the judge, nor was Mrs. Kendall placed under oath when she stated that she wrote the check.

The California Bankers' Association is actively co-operating with this Association in a complete investigation of this matter.

L. B. LANKASTER, who defrauded a bank member at Tucson, Arizona, has been released. His arrest is reported elsewhere in this issue.

The case against R. L. PEEBLES, who was charged with defrauding a member bank at Birmingham, Alabama, by means of a bogus draft, has been

not prosed. See JOURNAL, September, 1910, page 155.

JULIUS E. ROPER, who was arrested by our detective agents at Manchester, Georgia, has been convicted of forgery through which a member bank at Waldo, Arkansas, was defrauded, and sentenced to serve two years in the Arkansas State Penitentiary. His operations were reported in the December, 1912, JOURNAL, page 388. The Arkansas Bankers' Association co-operated with this Association in securing the conviction of this criminal.

CHARLES W. SHARPE, alias George Darlington, C. H. Harris, Henry H. Harrington, etc., whose criminal operations and arrest have been previously reported in the JOURNAL, was tried at Spokane, Washington, for defrauding a bank member of that city, and sentenced to the State Penitentiary for a period of from three to fifteen years. See JOURNALS, July, 1912, page 32, and November, 1912, page 319.

A. H. TILLY, whose arrest is reported elsewhere in this issue, pleaded guilty to a charge of forgery and was sentenced to serve two years in the Missouri Penitentiary.

The case against F. WEHNER, who was in business in West Hoboken, New Jersey, and who was arrested on October 24, 1911, in connection with a raised-check transaction, through which a bank member at Ridgefield Park, New Jersey, was defrauded, was finally dropped. Last summer, however, he was again arrested on a charge of forgery and obtaining money under false pretenses, brought by F. H. La Brocq, of Ridgefield Park, and on December 19, 1912, was sentenced to the State Prison for not less than three and one-half years and no more than seven years.

S. A. WIGGINS, Jr., who has had his case continued from time to time, has been tried, convicted and sentenced to serve an indeterminate term in the Illinois Penitentiary. JOURNAL, September, 1912, page 184.

Eighteen months was the sentence meted out to HARRY F. WILLIAMS at Santa Cruz, California, where he was convicted of passing a fictitious check. At the expiration of his sentence he will probably be returned to San Francisco to answer a charge of forgery preferred by a bank member at that place. His arrest is reported in another column.

CHARLES WOLLIVER, whose arrest is reported elsewhere in this JOURNAL in connection with a burglary of a member bank at Portage, Ohio, pleaded guilty and was sentenced to eleven years in the Ohio Penitentiary at Columbus, Ohio.

#### AWAITING TRIAL, EXTRADITION OR SENTENCE, MARCH 1, 1913.

##### ALLEGED FORGERS, ETC.

Anderson, A., March 15, 1913, arrested; forgery Des Moines, Ia.

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

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

Berman, Leo, November 11, 1912, arrested; forgery New York City.

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

Brown, Benjamin W., February 17, 1913, arrested; forgery Brandon, Vt.

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

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

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

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

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

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

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

Coles, W. C., October 21, 1912, arrested; forgery Shreveport, La.

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

- Cook, William Rose, March 12, 1913, arrested; forgery Edgerton, Kan.
- Crane, George E., January 21, 1913, arrested; swindle San Francisco, Cal.
- Christensen, L. A., March 12, 1913, arrested; forgery Houston, Texas.
- Crow, Thomas, December 6, 1912, arrested; forgery Portland, Ore.
- DeAhna, E. M., February 22, 1912, arrested; swindle Metropolis, Ill.
- De Mangelont, Albert, February 6, 1913, arrested; swindle Akron, Ohio.
- Donahue, Thomas, June 19, 1912, arrested; forgery Baltimore, Md.
- Downing, Joe, July 13, 1912, arrested; swindle Rushville, Neb.
- Edmonds, William E., March 11, 1913, arrested; forgery Marshfield, Ore.
- Edwards, P. S., October 1, 1912, arrested; swindle Parma, Idaho.
- Ellars, William A., February 11, 1913, arrested; forgery Fort Worth, Texas.
- Feroni, Romo, November 8, 1912, arrested; forgery Crystal Lake, Ill.
- Fitzgerald, Thomas, March 15, 1913, arrested; attempted swindle Kansas City, Mo.
- Fitzgerald, Thomas J., December 4, 1912, arrested; swindle New York, N. Y.
- Fowler, Frank W., April 30, 1912, arrested; swindle Chicago, Ill.
- Gaerter, William, November 27, 1912, arrested; forgery New York City.
- Gaffney, Tommy, October 2, 1912, arrested; forgery Parma, Idaho.
- Gassner, Joseph, December 19, 1912, arrested; forgery New York, N. Y.
- Graham, Joseph, January 23, 1913, arrested; forgery Charleston, W. Va.
- Gray, S. H., November 12, 1910, arrested; forgery Athens, Tenn.
- Haiken, Esther, May 28, 1912, arrested; forgery New York, N. Y.
- Hank, Warren, May 13, 1911, arrested; attempted swindle Wapakoneta, Ohio.
- Harris, William, January 13, 1913, arrested; forgery St. Louis, Mo.
- Henifer, Charles, January 16, 1913, arrested; forgery Richmond, Va.
- Hickman, "Skeet," December 18, 1912, arrested; forgery Fort Worth, Texas.
- Hilliards, Ollie, November 13, 1910, arrested; forgery West Newton, Pa.
- Hodes, Nicholas, November 11, 1912, arrested; forgery New York City.
- Houston, J. L., April 24, 1912, arrested; swindle Chicago, Ill.
- Hudson, John E., November 19, 1912, arrested; swindle Beeville, Texas.
- Hughes, Lee, June 2, 1912, arrested; swindle Pryor Creek, Okla.
- Hunter, L. M., March 18, 1913, arrested; swindle McKeesport, Pa.
- Isaacs, Walter, January, 1913, arrested; swindle Louisville, Ky.
- Johnson, Clarence, February 18, 1913, arrested; forgery Charleston, W. Va.
- Johnson, J. D., March 13, 1913, arrested; swindle Stratford, Okla.
- Jones, Henry, March 24, 1913, arrested; forgery Lakeville, Conn.
- Keith, R. L., March 26, 1913, arrested; swindle Chattanooga, Tenn.
- Kirkpatrick, H. S., June 15, 1911, arrested; forgery West Point, Ga.
- Klein, E., January 12, 1912, arrested; forgery Scranton, Pa.
- 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.
- Livingston, Myron A., December 13, 1912, arrested; forgery New York, N. Y.
- Lundy, George, January 31, 1913, arrested; swindle Edgeley, N. D.
- McBrine, William R., November, 1912, arrested; forgery Guthrie, Okla.
- McCants, E. L., November 26, 1912, arrested; swindle River Junction, Fla.
- McCartney, E. J., February 3, 1913, arrested; forgery Sallislaw, Okla.
- Mackie, Albert, January 18, 1913, arrested; forgery St. Louis, Mo.
- Magoon, Byron G., August 17, 1912, arrested; swindle St. Helens, Ore.
- Mark, Frederick, March, 1913, arrested; swindle Boston, Mass.
- Mattingly, C. B., March, 1913, arrested; swindle Beebe, Ark.
- Meeker, Chas. M., February 6, 1912, arrested; swindle Kansas City, Mo.
- Mercer, Kathryn, November 30, 1912, arrested; forgery St. Louis, Mo.
- 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.
- Mott, J. L., November 8, 1912, arrested; forgery New Orleans, La.
- Muller, Edward C., January 20, 1913, arrested; forgery New York, N. Y.
- Neiss, William F., March 14, 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.
- Parker, Chas., April 8, 1912, arrested; forgery Los Angeles, 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.
- Polk, J. C., January 18, 1913, arrested; forgery Houston, Texas.
- 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.
- Rolleyson, Frank, July 30, 1912, arrested; forgery Huntington, W. Va.
- Romero, C. D., December 14, 1912, re-arrested; forgery Springfield, Utah.
- Sadey, Paul, November 8, 1912, arrested; forgery Crystal Lake, Ill.
- 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.
- Seidler, Russell R., March 25, 1913, arrested; forgery Wenatchee, Wash.
- Shatzkin, Nahum J., January 3, 1913, arrested; forgery New York City.
- Shivers, Vernon F., December 21, 1911, arrested; forgery Lake Providence, La.
- Smedley, W. E., September 15, 1912, arrested; forgery Des Moines, Ia.
- Snodgrass, Earl, October 26, 1912, arrested; forgery Spencer, W. Va.
- Sonneberg Leo, March 22, 1913, arrested; forgery New York, N. Y.
- Spangle A., July 25, 1912, arrested; swindle Nowata, Okla.

Stone, Harry, November, 1912, arrested; forgery Bakersfield, Cal.  
 Thompson, L. C., February 22, 1913, arrested; forgery Newport, Ky.  
 Van Leckwyck, Carl, October 2, 1912, arrested; forgery Plymouth, Mass.  
 Veverka, Anna, December 14, 1912, arrested; forgery Pittsburgh, Pa.  
 Veverka, Charles, November 27, 1912; arrested; forgery Pittsburgh, Pa.  
 Videla, Albert, December 2, 1912, arrested; forgery New Orleans, La.  
 Vincent H. S., January 29, 1913, arrested; swindle Memphis, Tenn.  
 Walsh, John C., July 8, 1910, arrested; swindle Brooklyn, N. Y.  
 Waters, Joseph, June 18, 1912, arrested; forgery Baltimore, Md.  
 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.  
 Williams, Arthur, January, 1913, arrested; forgery Cornish, Okla.  
 Williams, W. B., January, 1913, arrested; forgery Cornish, Okla.  
 York, G. A., January, 1913, arrested; raised check Waterville, Wash.

**BURGLARS.**

"Johnny Bull," March 19, 1913, arrested; burglary Bastrop, La.  
 "Cleve George," March 19, 1913, arrested; burglary Bastrop, La.  
 Baggett, H. C., February 21, 1913, arrested; attempted burglary Talladega, Ala.  
 Belshner, Glen, February, 1913, arrested; attempted burglary Vera, Okla.  
 Brown, J. K., November 21, 1912, arrested; burglary Portage, Ohio.  
 Flynn, William, February 16, 1913, arrested; attempted burglary Dahlonga, Ga.  
 Harris, J. W., February 16, 1913, arrested; attempted burglary Dahlonga, Ga.  
 Hollingsworth, George, October 2, 1912, arrested; attempted burglary Vera, Okla.  
 Miley, William, December 28, 1912, arrested; burglary Portage, Ohio.  
 Miller, Charles, February 16, 1913, arrested; attempted burglary Dahlonga, Ga.  
 Morris, Frank, May 9, 1911, arrested; attempted burglary Layton, Utah.  
 Richards, Homer, January 19, 1913, arrested; burglary Vera, Okla.  
 Thornton, William, February 16, 1913, arrested; attempted burglary Dahlonga, Ga.  
 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 February 28, 1913.**

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

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

	Awaiting trial, etc. September 1, 1912.	Arrests from September 1, 1912, to January 31, 1913.	Arrests in February, 1913.	Total.	Convicted.	Discharged or Acquitted.	Escaped or Fugitives.	Insane, Suicide or Died.	Awaiting Trial.
Forgers.....	122	127	21	148	109	41	5	3	112
Burglars.....	1	8	7	15	3	1	..	..	12
Hold-up robbers.....	2	..	..	..	2	..	..	..	..
	125	135	28	163	114	42	5	3	124

**STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.  
 AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE.  
 From September 1, 1912, to March 31, 1913.**

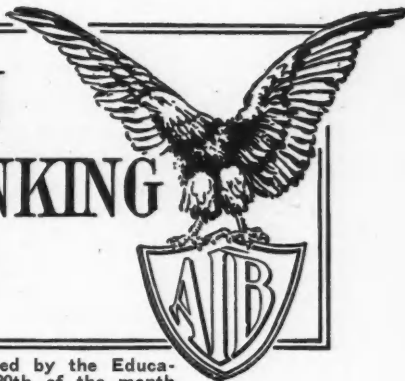
New York, N. Y., April 1, 1913.

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

	Awaiting trial, etc. September 1, 1912.	Arrests from September 1, 1912, to Feb. 28, 1913.	Arrests in March, 1913.	Total.	Convicted.	Discharged or Acquitted.	Escaped or Fugitives.	Insane, Suicide or Died.	Awaiting Trial.
Forgers.....	122	148	28	176	122	49	6	3	118
Burglars.....	1	15	3	18	4	1	..	..	14
Hold-up robbers.....	2	..	..	..	2	..	..	..	..
	125	163	31	194	128	50	6	3	132



# AMERICAN INSTITUTE OF BANKING BULLETIN



Contributions for this Department must be received by the Educational Director of the Institute not later than the 20th of the month preceding publication.

## TRYING TO GET RESULTS.

By Hon. Lawrence O. Murray, Comptroller of the Currency—Address Before Pittsburgh Chapter of the American Institute of Banking.

I AM here to-night because I am for the boy who is at the bottom and wants to get up; for the boy who has a level head on his shoulders, the energy in his body, and the ambition in his heart to succeed; for the boy who is willing to work hard to prepare himself for better positions, and is satisfied to do each small thing well until success brings him greater responsibilities and rewards.

The question in the mind of every ambitious boy is whether or not there is a reasonable chance of success for him. If by success is meant the acquisition of a great private fortune or reaching high public office, my answer is that in all probability that kind of success will not in full measure come to you. But even so, a rational success is open to us all. It will make little difference in the years to come whether you amass a great private fortune or reach high public office, but it will make a great difference how much each of us stands for an honest life; how much effort each of us puts forth to better the conditions under which we live; and the man who does his best in these directions is a success, though he die without a dollar.

A man in public office with great responsibilities must determine for himself what his policy in office is to be, and follow it whether it pleases every one or not. My own policy has been to use every particle of power given me by the law; to use it as wisely as I know how, but to use it. I determined not to annoy banks on non-essentials—I proposed they should respect the law in essentials.

Entertaining this view, for nearly five years I have tried in every possible way to improve conditions. Important safeguards have been thrown around the organization of banks; new and stringent precautions have been taken to prevent the organization of unnecessary, bad or "spite" banks. The management of going banks has been scrutinized with watchful care; the moral and legal duties and responsibilities of directors have been brought home to them as forcibly and as frequently as it was within my power to do. New regulations have been adopted and put into effect for the purpose of protecting to the limit the rights of the depositors and other creditors of banks voluntarily retiring from the system. Above all, I have insisted, day in and day out, on the most rigid, painstaking and comprehensive examinations of national banks that it is possible to obtain under the present law through the agency of a high-minded, courageous and able

body of national bank examiners. It is of these efforts you ask me to speak to you to-night.

It is unnecessary for me to review the weaknesses, the imperfections, and the omissions in the National Bank Act. Volumes have been written upon that subject and many more could be written. The fact is that Congress established governmental supervision over the national banks, the supervisory officer being the Comptroller of the Currency. The plan of control and the system of examinations so established were new, and I regret to say that the imperfections of the law as revealed in the last 49 years have not been remedied; but that is another question. The man who sits idly back, folds his hands and lets things go by the board simply because he has no statute expressly telling him to do this or that in the interest, both of good administration and good banking, to my mind fails utterly as an executive.

The power of supervision is lodged in the Comptroller of the Currency and though the law is weak in many particulars, and though there is no law at all on many things vital to sound banking to-day, the Comptroller should do everything he legally and honestly can do to lift up the administration of poorly or recklessly managed banks of the country to a higher plane of safety and conservatism. To that effort no good banker will ever make objection. The earnest support of every good banker is always given to any reasonable efforts of the Comptroller to safeguard the interests of the depositors in national banks.

In 1863, when the National Bank Act, as it now is in all its general provisions, was enacted, the total money in this country was about 675 millions; today it is about 3,650 millions. Then we had about 1,500 state banks—now we have nearly 22,000 state and private banks and about 7,500 national banks. Then the total assets of the state banks were 1,191 millions. Now they are over 14,000 millions and the assets of the national banks are 10,963 millions. Since the National Bank Act was passed, 49 years ago, bank assets of all kinds have increased from 1,191 millions to over 25,000 millions.

Now, I want you to bear in mind this evening one important fact, and that is, that the power given to the Comptroller has not been increased a particle during all these 49 years of our national growth and expansion, nor has the basis of the pay of examiners been changed since 1875. So far as the power to supervise the national banks is concerned we are exactly where we were half a century ago.

We have in the national banks one of the greatest systems of banking under a uniform law the world has ever known, comprising banks with capital ranging all the way from 25 thousand dollars to 25 millions of dollars. These banks are scattered all over the country, in the great cities, on the plains, in the mining camps, at the country cross roads, and

the management of them ranges from the capacity of men of small communities to the best business and financial ability of the country. To supervise these banks effectively with the power the Comptroller now has, and with the examiners paid as they now are, is the problem.

**Comptroller's Power Less than that of Many State Superintendents of Banks.**

I will not take time to point out the powers given to the Comptroller. You have all read the bank act many times and are as familiar with it as I am, but this statement will be a surprise to you—the powers granted to the State Superintendent of Banks by the state banking laws in many states are very much greater than Congress has seen fit to give the Comptroller. One would think that the Government ought at least keep pace with the states in a grant of supervisory power to the officer striving to prevent bank failures. Let me give you a few of many instances where State Superintendents of Banks have more power than the Comptroller. In three states the law requires that the by-laws of a bank shall be approved by the head of the banking department. Under the law of Massachusetts the amount of money to be invested in a banking house is made dependent upon the approval of the Bank Commissioner. By the laws of eight states the head of the state banking department is authorized to remove the bank's officers, the statutes giving this right either on account of the recklessness, dishonesty or incompetency of the officers or employees or "for due cause," or because, in the opinion of the state banking authority, the officer or employee has "abused his trust, or been negligent in the performance of his duty." Seven of the states give the state banking department authority to prescribe and approve all books and accounts of banks.

Many other powers not covered by the bank act are given to the various state banking departments. For instance, the right to order the removal of one of two banks transacting business in the same building, and in close proximity; the right to pass upon and to compel the bank to call in loans to directors not approved by the State Superintendent; the power to require a bank to pay off borrowed money; the approval of salaries of officers and trustees of savings banks; the extension of the statutory period during which real estate may be held; the approval of consolidations; the right to prescribe the maximum rate of interest paid to depositors; the calling of a stockholders' meeting; the reduction of overdrafts; the right to determine the value of a bank's investments and to compel it to charge down investments to the value fixed by the state authority; to revoke the license authorizing a bank to operate in the state; to require every bank to select a competent person, subject to the written approval of the Superintendent, to verify the pass-books; and to require the dividends of savings banks to be approved by the head of the state banking department.

All these powers and many more not enumerated are being used wisely by the supervising authorities of the different states in the interest of sound banking. But the Comptroller must meet all these same conditions as best he can without any specific provision in the law.

**Safeguarding the Organization of National Banks.**

I believe that the real test of the progress of the national banking system is not how many national banks are organized in any given year but how many good national banks are organized. I believe in the organization of banks by men who will manage them in accordance with law and the regulations of the Comptroller's office based upon that law. But, first of all, there must be a field for the bank where it can prosper, grow strong, and be a safe place for the funds of the depositing public. The Comptroller is not doing his duty if he permits a bank to be launched upon a community when every precaution has not been taken to insure the fact of its good management and its probable success. You will be interested, therefore, in knowing exactly the

steps which are now taken before a charter is issued.

As soon as an application is received in the Comptroller's office there are at least five lines of investigation started. One is through the representatives in Congress; another the banks already in the place; another the leading business men of the community; another the head of the banking department of the state, and another the national bank examiner for that district. When all these reports, letters, opinions, and recommendations are received the case is carefully gone over in the Comptroller's office, and if the facts then adduced are against the establishment of a bank the case is not rejected, but the applicants are advised of the facts which have been brought out and given a chance to meet all objections. If it is necessary to send an examiner there, that is done. If the applicants believe that the examiner who went there was unfair, prejudiced or not sufficiently painstaking, they are advised that another man will be sent. In case the second report is attacked on any of the grounds enumerated, the applicants are advised that a third man will be sent there, and this course has actually been followed in some cases. The point about all this is simply that the Comptroller wants to know whether or not the facts justify the bank. If they do a charter will be granted, and, if not, it will not be granted. Since I have been Comptroller about 250 applications have been rejected, and every one of them has been rejected for good and sufficient reasons. There is not one of them, however, that would not be approved to-day if the applicants could or would remove the cause of the rejection. I believe that every time a charter for a national bank is refused for actual cause the national banking system is thereby strengthened. My authority has been questioned three or four times by disgruntled applicants and mandamus proceedings threatened. If the plan of chartering banks followed by me is not right, then a set of men may criminally ruin a bank; serve a term in the penitentiary; come out and make application for another charter and have it gracefully handed over to them. Such a proposition—and that is exactly what it amounts to—is simply astounding. The National Bank Act says that no national bank shall be established without the "approval" of the Comptroller of the Currency, and my rejection of an application means that I do not "approve." So, not only am I within the law in my refusal of charters, for cause, but I am also within the limitation of safe and conservative banking.

**Bank Promoters not Needed.**

On assuming the duties of my office, I found several well-organized concerns promoting the organization of national banks. Their practice was to go about the country holding public meetings and endeavoring to arouse interest in the organization of a bank in places where the people were ignorant of the fact that the necessary instructions and papers could be obtained upon application to the Comptroller's Office without any expense except the necessary postage. These promoters secured agreements under which they were to receive from five to twenty-five dollars on each share of stock sold, and in addition entered into contracts, profitable to themselves, for supplying furniture, fixtures, books, safes, and even loans or bond investments to the banks.

I do not believe in bank promotion. Wherever there is a demand for a bank in this country, a place where a bank will grow and prosper, there is capital ready and willing to go into the venture. Men with banking capital need not be forced or induced to make the investment. The bank promoter does not have the good of the community, the good of the stockholders or the depositors, in mind; he simply has his eye on the commission which comes to him. From the very first I discouraged bank promotion, but it went on just the same. Then a positive order was issued that no application would receive any consideration if it were filed either directly or indirectly by a bank promoter. Now the first letter that goes to the applicants from the office requests in part a statement whether an agreement providing for a



payment of any kind for services in soliciting stock subscriptions or promoting in any manner the organization of the bank is contemplated.

The contract with promoters often resulted in the capital being impaired before the bank began business. I now earnestly recommend to all organizing banks the advisability of selling the capital stock at a premium of 10 per cent. or more for the purpose of establishing a surplus from which to pay the necessary expenditures of organization, so when a bank begins business now it has an unimpaired capital and an actual surplus, instead of possibly an impaired capital.

#### Stockholders at Time of Organization Must Be Able to Respond to an Assessment.

The double liability of stockholders is an asset of the bank for the protection of its creditors. The ability of the stockholders, therefore, to respond to an assessment is all important. It is important in case the capital is impaired and has to be made good; it is important where in case of failure an assessment to pay the depositors must be made. Until recently no particular attention was paid at the time a bank was organized to the question of whether or not the stockholders could respond to an assessment. That I consider a vital weakness in bank organization—for the only time the Comptroller can control that situation and be reasonably sure that the double liability of stockholders is a real asset of the bank is at the time of its organization.

An order was issued by me that no national bank would be chartered unless it was shown affirmatively in the organization papers that each stockholder was not only able to pay for his stock, but that he was able to respond to a full 100 per cent. assessment. The result of that order is that the banks start out with stockholders who are able to pay for their stock; and who are able to respond, if necessary, to any assessment made on it.

#### Majority of Directors Should Be Local Men.

I do not believe in any man being a director of a national bank who is a mere figurehead; nor in men being put on as directors simply for advertising purposes. No man with the interest of the bank at heart, and with his oath of office in mind, can honestly remain as a director of a bank to which he pays little or no attention. And I am against the chain of banks which has on the various boards one or two local men, with the real management of the bank vested in men living at a distance and managing several banks from a central office. What I do believe in is a board of directors made up of representative business men of the community; men who take an oath to administer the bank's affairs faithfully and then live up to that oath both in letter and in spirit. A bank with that kind of directoral control does not fail.

#### Directors and Examiners to Meet.

\* For nearly five years now I have worked hard to bring about co-operation between the boards of directors and the bank examiners. They ought to co-operate; there never should be ground for friction. The directors take an oath to manage the bank chartered by the Government in accordance with the law, and the examiners represent the Comptroller in the field to ascertain if the management is legal and the bank solvent. As a plain business proposition, therefore, the examiners should meet the men responsible for a bank's management at every examination.

About a year ago when an order was given that the bank examiners should meet with the board of directors of all so-called country banks and go over the affairs of the bank at the time of each examination, that order could not be carried out, as investigation showed that in about one thousand banks the majority of the directors were not local men and could not be readily convened. A letter was addressed to each one of these banks asking that at least a majority of the board be local men so that monthly meetings could be held in order that the

board might pass on all paper purchased or discounted; so that the board might be readily convened should urgent necessity arise, and, most important of all, that the directors and the bank examiners might meet at the time of the examination. Practically every bank has complied with that request.

Now the result of this is that the boards of directors are getting into closer contact with the affairs of the banks; they are getting in closer touch with the bank examiners, who are the agents of the Comptroller in the field, and this co-operation is resulting in better examinations and better directoral control of the banks where that has been neglected. No bank is now chartered unless at least a majority of the board are local men.

#### The Internal Management of Banks and By-Laws.

I have spoken of the painstaking care which is exercised in launching a national bank into active business; the effort that is made to have the management in the hands of men who are capable; who have not been connected with banks which have been badly managed or which have failed; that the board of directors shall be representative business men in the community where the bank is to do business; and in a general way to see to it, so far as it is possible, that the bank will, in all probability, be well managed; that it will grow strong and be an earning venture for the stockholders and a safe place for the bankable funds of the community.

But organizing a bank with all this care is merely starting it right. Its internal management must at all times be good or the bank will go wrong. The internal management of the bank is set out in detail by its by-laws, but the National Bank Act does not prescribe any form. That Congress intended the national banks should be managed in accordance with a well-considered set of by-laws is evidenced by Section 5136, which gives the directors power to adopt such a form as may seem to them reasonable and necessary for the safe conduct of a bank's business. An investigation showed that several hundred banks had no by-laws. In a bank where there is no rule or requirement as to the management, it is apt to be careless, slovenly, inefficient, or positively reckless. Where there were no by-laws, comments of the examiners in their report on management would read something like this: "This is a one-man bank. There are no by-laws. Directors meet rarely, if ever, and then only to declare dividends. There is no examining committee of the board of directors. There is no discount committee. Directors are giving no attention to the bank's affairs."

It seemed to me that, as the Government undertakes to supervise the affairs of national banks, the first thing necessary was to make an effort to standardize the essentials of internal management, and that in so doing an honest effort would be made to have the moral and legal responsibility for the bank's affairs kept before the officers and directors. As a start in that direction, and it really is but a start, I asked every bank which did not have by-laws to adopt a set containing at least the following requirements: a monthly meeting of the board of directors; the appointment of an active examining committee; the appointment of an active discount committee; the approval by the board of directors, at the monthly meeting or oftener, of all loans and discounts and the recording of such approval in permanent form.

I was told that the board of directors in the country districts could not meet once a month without great inconvenience. Can you imagine anything more ridiculous than that? In the large cities, where a tremendous amount of business is transacted in a very few hours; where every minute to a business man means money; where the day's work of the men who are directors of banks is largely planned in advance, and time conserved in every possible way, there are many banks where the full board meets daily, and passes on every loan and discount made. Yet my critics told me that to ask the board of directors in a country bank, where time is certainly not more valuable than it is to city directors, to come

in for an hour or part of an hour one day in the month was a great hardship.

Now after nearly two years' work in getting the banks that had no by-laws at all to adopt reasonable ones, the records show, I think, that every bank, with the exception of one, has complied with this request. The report of the examiners on the management is now in about this language: "The bank has by-laws and they are closely followed; the directors meet monthly as a board and go over all the loans and discounts. They have an active examining committee and an active discount committee. The affairs of the bank are receiving the closest attention of the officers and board."

When I started the effort to improve the directoral control in badly managed banks, believing then, as I do now, that a bank is either good or bad just as its internal management is either good or bad, I was met with not only severe and hostile criticism as to the wisdom of the effort, but on all sides I was told plainly that the best directors of national banks would promptly resign. In other words, that the effort would result in driving from the directorate of the national banks its best men. Notwithstanding all these gloomy forebodings, I persisted and am more persistent and insistent to-day on directoral control than I was four years ago. Do you wonder how the predictions of my critics materialized? So far as I am officially advised just one man out of 50,000 directors resigned. He was a man over 80 years of age, a director of a bank in the North and felt obliged to spend a greater part of the year in the South because of his health.

I will leave it to you to decide which is the better internal management and whether or not the effort I have made was needed.

#### Bank Supervision.

Some bank examinations in the past have been bad; some are bad now. They will never be a credit to the Government nor as effective as they should be until the bank act is properly amended. It is not my purpose to-night to speak of the deficiencies in either the abilities or the methods of some men who have been in the service in the past, because I have no doubt that we have to-day, as we always have had, and probably always will have, examiners who are not up to the highest standard, either in methods or in ability. It is useless to waste time telling of the weaknesses of the law or the incompetency of men. The thing to do is to get the best men available and to do the best we can under the law as it is, and that is exactly what I have tried to do. It is fair to state, and well within the truth, that national bank examinations in many sections of the country have not had the confidence of the bankers. No man sitting at a desk in Washington in the capacity of an executive can know what a hundred men in the field are doing. He sees only the reports that come to his desk, and the shortcomings, whatever they may be, do not as a rule appear in the report which the man himself writes. I desired to make an earnest effort to improve the bank examinations and there was no better way of ascertaining at first hand the weakness of the examinations than to ask every bank in the United States for an expression of opinion as to how thoroughly the work had been done and how it could be improved, and to go out in the field with the examiners to see them work. I did both.

A letter was sent to each bank, asking how the examinations were being made, and how they might be improved. The banks responded very generously to this letter, and about one-half of them stated that the examinations as then made were entirely satisfactory. The other half of the replies criticised either the methods of the examinations or the examiners themselves with more or less severity, and many of the banks offered excellent suggestions for the improvement of the service. I then decided to work with all the examiners in the field, spending at least a day with each, but to do this in all parts of the country would probably have kept me away from the office for several months. But I did examine banks with the examiners in the states of Maine, Massachusetts, Vermont, New York, Pennsylvania, New

Jersey, Illinois and Wisconsin, and the information as to methods thus obtained at first hand was all that I needed. With all the criticisms and constructive suggestions from the banks before me, with my own experience gained while actually in the field with the examiners, I concluded without any reserve whatever that under the law, inefficient and weak in many vital places as it is, and especially in its method of paying the country examiners, bank examinations could be improved.

#### Examiner not Obligated to Banks.

The Comptroller ought always to have in the field not only capable examiners but examiners absolutely independent in every way. The examiner who has to consider the banks from which he has borrowed and also fears to offend by honest criticism others to whom he may be obligated, is not a very great force for safe and conservative banking in any community. The bank act does not forbid an examiner to borrow from national banks and they did borrow, but they were violating no law. In order that there might be no possible criticism against an examiner as to his efficiency because he is interested in a bank in any way, I ordered that no bank examiner should own any stock in national banks; that he should not borrow from a national bank; that he should not be a director or an officer in any corporation which borrows from a national bank, and that order is in effect to-day. That order freed the examiners from any charge that they were in any way favorable or lenient with any bank because of favors extended to them.

Now, before an examiner goes into the field, we have on file with his papers a statement from him to the following effect: That he will liquidate any loans he may have in any national bank; that he will in good faith dispose of any shares of stock in any national bank or other banking institution now owned by him; that he will not borrow while a national bank examiner from any national bank; that he will not serve as an officer or director in any business corporation and that he will not take any active interest in politics.

#### Bond and Oath.

An oath of office was never required of the national bank examiners, nor a bond for the faithful performance of their duty, although their work is most confidential and the assets of all the national banks in the system, totalling approximately eleven billions of dollars, are under their immediate control during examinations of banks. This situation was the general cause of criticism and complaint and, to my mind, justly so. An oath of office has now been taken by every national bank examiner, whether appointed before my term as Comptroller or not, and every examiner, whether appointed by me or by one of my predecessors, is required to give a bond in the sum of \$20,000 for the faithful performance of his duty—so that bonds are now on file in my office of upward of two million dollars—and if there is any moral good resulting from an oath of office and a moderate-sized bond, the service is now in a position to receive the benefit of both.

#### How Examiners are Now Selected.

A man with a commission as a national bank examiner in his pocket can be a power for good; he can be a tremendous force for good banking in any community; he can and does do much to safeguard the money of the depositors.

Bank examiners are not under the Civil Service. They probably cannot be brought under it because they are not paid from the funds of the Government, being paid directly by the banks. But there is no reason why they may not be selected with the same care and under the same safeguards as if they received their commissions through the channels of the Civil Service. Excellent men can always be had for these positions, no matter how selected, how hard the work, or how poor the pay. You will be interested in hearing how they are now chosen.

When a vacancy occurs in the corps of national bank examiners, the papers of all the applicants from the state in which the vacancy occurs are carefully examined and one or more of the applicants are asked to come to Washington and without any promise of appointment to take the examination now required. The examining board consists of eight men representing the Secretary of the Treasury and the Comptroller. The examination is both oral and written and consists, so far as possible, of practical questions tending to show the applicant's familiarity with the banking business, the National Bank Act, commercial law and theoretical bookkeeping and accounting. Every applicant must be between the ages of 28 and 50; he must bear a good reputation for integrity and sobriety. He will not be considered if he has ever been removed from a position for cause, or if he has been in any degree responsible for the failure or bad management of any bank, either state or national. The service has always had many able men, and under this plan we are getting men equal to the very best ever in the service. They are doing fine work; they are doing the best that it is possible to do under a law that does not pay them adequately for the work done. They have a pride in setting a high standard of work and then to keep on improving it. Every additional burden placed upon them is taken up without complaint—and to-night I want to say without any qualification whatever that, taken as a whole, for honest devotion to duty, for tact and ability, for loyalty to a service that puts great responsibilities upon them without proper compensation, they have no superior in any branch of the public service.

**The Useless Examiner.**

The useless examiner is one who goes into a bank, takes a set of figures from the books and records, puts them on a blank furnished by this office, and then thumbs over the loans and discounts by himself, asking an occasional question of the cashier or some other officer of the bank who may happen to be present. On this limited information he makes an estimate of the value of the assets and certifies that estimate to the Comptroller. That man may fool himself into the belief that he is a bank examiner, but my estimate of him is that his work is useless, because, aside from the fact that it does not really get to the vital condition of the bank, it deludes the public into the belief that the bank is thoroughly inspected and supervised by representatives of the Government, when, as a matter of fact, nothing of the kind has been done. The examiner who does that kind of work is getting a fee from the bank simply because he has a commission in his pocket, and not because he earns it.

**The Efficient Examiner.**

The efficient examiner is one who has a clear conception of the duties and responsibilities of his office and who fully realizes that he can determine at least four things:

- 1—That the bank is conducted according to law;
- 2—that its capital is unimpaired;
- 3—that all books, records and accounts are properly kept;
- 4—that all reports made to the Comptroller are correct.

The ability to meet these requirements is predicated upon an intimate acquaintance with the provisions of the National Bank Act; upon a wide knowledge of credits; upon a thorough training in practical and theoretical banking, and a general knowledge of accountancy.

Such a man is able after a careful examination, or a series of examinations, to form a wonderfully correct judgment as to the general character of a bank's assets and as to whether its management is good or bad, conservative or reckless, honest or dishonest.

The efficient examiner is always seeking credit information and actually gets it from all known available sources. He fully realizes that the mere transcription of a balance sheet is not an examination, but seeks to verify every item thereof until he is reasonably certain that all assets are worth at least book value, and that all liabilities are correctly stated.

He is not content to answer mechanically the questions contained in the several schedules of his report, but endeavors to make that report vital and alive by an intelligent and comprehensive portrayal of actual conditions as found. He is able to detect wrongful tendencies and correct them in their incipency.

The real test of his efficiency is his ability to correct matters subject to criticism, and his success in remedying bad conditions depends entirely upon the keenness of his perceptions and the measure of his courage.

**Moving Examiners to New Districts.**

Many bankers believe that examiners are allowed to remain in one district too long, and that more effective work would be done if they were frequently changed to new districts. This plan has its strength and its weakness. The principal arguments in favor of changing examiners are that after a time the examiner establishes such personal relations with the banks as tend to make him careless; that a new man in a new district is always put on his mettle to find the exact condition of the banks; that he is more apt to be thorough and painstaking and more drastic, if necessary. The argument against the change is that a new man would have no information as to credits in the district and that he would therefore be unable to pass intelligently on the loans and discounts.

I decided, however, to give the plan of changing the examiners a fair trial, and at one time changed about twenty per cent. of them to new districts, and since that time every few months some examiners are changed. The plan now is if any particular examiner seems to be doing work which is below par or is not able to impress upon the officers and directors of banks the importance of correcting bad or dangerous conditions which he finds, to take him out of that district at once and send in a man with more experience, more force of character, with more ability for dealing with individuals, to make a round of examinations. I believe that this is really the plan to follow; that is, not to make a wholesale change of examiners, but to give every man a chance in a district to study the banks and to become familiar with the credits in that district. There are several men now who have no particular assignment, but are going from district to district, making a complete round of examinations of all the banks, and they are asked to report specifically upon three things:

First—the condition in which they find the banks.

Second—whether or not the examinations of the regular examiner for the district revealed the exact condition.

Third—whether or not the former examiner has been doing good or bad work.

My experience, therefore, is that a change of examiners is a good thing in some districts. In others it would be not only useless, but a hardship upon the examiner who would be moved, because he is doing the work as well as any one can do it.

**Take More Time for Examinations.**

Many of you here to-night believe that the bank examiners in country districts make large salaries. As a matter of fact, you will be surprised to know that many excellent men, by working long days and writing their reports at night, traveling from place to place, living in poor hotels, putting up with all the inconveniences incident to such work, practically without home life at all, make little more than an average clerk's wage, and even then they have to economize on time spent in banks, often to the detriment of the examination. But even so, they have been asked to give more time to the examinations. A country examiner is now earning more money than he gets, and certainly the responsibility which he assumes bears no proportion to the pay.

I recently asked several of the best men who had country districts how long it would take a good man to make a good examination of an ordinary country bank, and the consensus of opinion was that it would take a least from ten to twelve hours of the most grueling kind of fast, hard work to make a fair ex-

amination, and even then many important things would be left undone. But no matter how the trains run to or from a place, no matter how poor the hotel accommodations may be, irrespective of these and all like considerations, and without even considering the fact that the examiners are now doing much for which they are not paid, I asked that more time be given to country banks. It is now expected that no report will come to the office unless it shows on the face of it that a full and hard day's work has been put into the examination, no matter how small the bank.

#### Examination of National Banks at Night Forbidden.

The good examiners often find it impossible to get to a bank until late in the afternoon and finish the examination that same night. I am speaking now of a man who is really trying to do his best with difficult situations and not of men who make a farce of examining banks whether they do it in the day or night. It seems to me, whatever the necessity might be for examining a bank at night, that the Government supervision of our great system of banks ought to be carried out in the daytime and the examination of national banks at night has, therefore, been forbidden, for the following reasons:

First—examiners in all country districts are now expected to call meetings of the board of directors at the time of the examination. It would be impracticable to do this unless the examination is made in the daytime.

Second—the examiner should have the active officers and clerks at the bank while an examination is being made, so that all necessary information may be at his disposal.

Third—in small communities the presence of an examiner in a bank at unseasonable hours, especially very late in the evening, attracts attention and is quite liable to have a disquieting effect.

Briefly, I believe in the examination of national banks during business hours and that is when it will be done hereafter.

#### Dangerous Concentration of Loans.

Another of the additional burdens recently placed on them, to which I shall call your attention, is the determined effort on the part of the office to fight with every weapon at hand the undue concentration of loans. The examiners have been requested to inquire very carefully hereafter as to the undue concentration of the loans of a bank, particularly to companies controlled by the bank's officers or directors. I speak now of any bank where such a concentration would seriously cripple or ruin it if the loans proved to be bad, whether that concentration be in companies controlled by the bank's officers or directors, or otherwise. On the door of many closed banks might well be written the words: "Closed because of undue concentration of its funds in a few enterprises." And here let me say that any one man or set of men managing a bank who will jeopardize its solvency by making a loan or one investment, which, if bad, will ruin the bank, has no place in any financial institution.

The question is: When such a concentration of loans is found as to amount to a menace to the bank, what can the office do through its examiners in the field? The examiner may feel absolutely certain that the tendencies of the bank are dangerous; he may believe that the loans will turn out to be worthless or partially so, and yet he is absolutely unable to ascertain the definite loss or to estimate losses simply because of lack of information. He will meet the board of directors, and tell them that the loans are doubtful, bad or dangerous. They, in turn, having made the loans, will tell him they are absolutely good. The Comptroller cannot order them out of the bank unless they are bad; but if they are bad he has a recent decision of the United States Supreme Court giving him that authority. This decision will be a powerful lever for good, but the Comptroller must exercise it fairly. If he orders certain loans or investments out of the banks his action must be buttressed on facts submitted to him by his examiners.

Now, an examiner cannot form any opinion as to whether a loan is good or bad unless he has full information on which to base that opinion—so the examiners have been advised that when they find a case where the directors or officers are unduly concentrating the funds of the bank in corporations controlled by themselves or otherwise, and where they have no information on which to base an opinion as to whether the loans are good or bad, they are clearly entitled to one of three things, or all of them, if they see fit:

First—that the books of the corporation be voluntarily opened to them so that they may be able to get such information as they need.

Second—that the directors give them a full statement in detail of the business of the concerns so that they can determine whether the loans are good or bad.

Third—that a copy be given them of a report on the company or corporation made by an independent auditor.

The essential thing is, therefore, to get accurate information, and no officer of the bank or board of directors can ever justify a refusal to give information to the Comptroller through his examiners when such information is absolutely necessary in order to form an honest opinion as to the value of the assets.

#### Co-operation by the Comptroller with the Heads of the Banking Departments of the States.

Whether or not there has been in the past the fullest co-operation between the Comptroller's office and the heads of the banking department of the different states, I do not know, but I determined to work in the fullest harmony and co-operation with them, and to leave no stone unturned on my part to accomplish that much desired end. It is a pleasure for me to state to-night that during my term of office I have had in many ways the sympathetic support and valuable co-operation of the men who are doing such splendid work at the head of the banking departments of the various states. It would take much more time than I have at my disposal to give you even an outline of the many ways in which the state banking departments have been and are now a great aid and assistance to me.

You will be interested in knowing a few of the practical ways in which we co-operate. Nearly every application to establish a national bank is now referred to the head of the banking department of the state from which the application comes; and in this way we get information as to whether or not any of the applicants have ever been connected with a failed or a badly managed state bank, and also information as to whether or not the place is in need of additional banking facilities. If the State Superintendents have driven objectionable men out of the state banks, and they appear as organizers of national banks, their application is not approved. Many of the State Superintendents in turn make the same inquiry of me, and the net result of this is that a man or set of men cannot readily go into the national banking system after either wrecking or badly managing a state bank, or in turn go into the state system after having violated every law on the statute books in attempting to manage or control a national bank. We can thus pretty effectually keep out of both the national and state banks men who have no place in either.

Again, we have practically arranged for joint examinations of all the allied state and national banks in the United States, so that to-day wherever there is a state bank being operated in conjunction with a national bank the state bank examiner for that district examines the state bank the same day that our examiner examines the national bank.

#### Excess Loans.

The next point to which I wish to call your attention is excess loans in the national banks. The subject has been prolific of trouble for the office for years, but I believe we now see the end of it. The bank act of 1864 provided that a bank might loan one-tenth of the amount of the capital actually paid in, to any person, company, corporation or firm; and

that law remained unamended until 1906. With this loaning power, 56 per cent. of all the national banks violated this provision of the law.

In 1906 Congress amended the law so that a bank might loan to any person, company, corporation, or firm, an amount not exceeding one-tenth part of the amount of the capital stock actually paid in and unimpaired, and one-tenth part of its unimpaired surplus fund; and further provided that the total of such liabilities should in no event exceed 30 per cent. of the capital stock of the association. The number of violating banks fell from 56 per cent. just prior to the passage of the amendment to a yearly average since that date of 16 per cent., the last call made for September 4th showing only 11 per cent.

As to the wisdom of Congress in fixing an arbitrary amount which any bank might loan to any person, firm or corporation, irrespective of the credit to which they might be entitled, and aside from the question that in individual cases it may be a hardship on both the bank and the borrower, my experience as Deputy Comptroller and as Comptroller leads me to believe that in a great system of banks managed by men of varying degrees of ability, it is an exceedingly wise provision. It was an effort by Congress to enforce in every national bank a fundamental principle of good banking the world over—a wide distribution of its loans.

But whether the provision is wise or unwise, my oath of office was to enforce the law as I found it. And finding that letters of criticism did not stop the excessive loans, that a small percentage of banks still ignored the law, the following order was issued last June: "Notice is hereby given that by September 3, 1912, all excessive loans must be eliminated from national banks. On and after that date an observance of the limitation fixed by the statute will be rigidly enforced. This notice of approximately 75 days is given in order that banks now having excessive loans may eliminate them without inconvenience before the date on which this order becomes effective."

That, as you will notice, gave the banks 75 days to eliminate them, and I wanted them eliminated in absolutely good faith and not retained in the bank by any subterfuge of any kind. On September 4th a call was made on the banks for a report of conditions, and the result of the order was most gratifying.

The total number of banks found to have been violating the law in this way was 526, as against 877 in June—a reduction of 40 per cent. While the number of excessive loans has been reduced from 1,291 to 738—also a reduction of 40 per cent. There is a greater improvement, however, than is apparent from these figures, as the total amount loaned in violation of the statute in all the national banks is less than three million dollars out of a total of loans aggregating more than six billions of dollars.

Now, then, just a word in conclusion on excess loans. They are going to be driven out of the national banks of the country and they are going to be kept out. They have no place in a national bank, and the bank that grants them knowingly is violating intentionally, wilfully and defiantly one of the most important provisions of the law under which it is chartered. When men apply to the Comptroller for a charter for a national bank and get it, the terms and conditions of that charter embody every provision of the national banking law; and when the Comptroller hands over to the officers and directors of a bank a charter, he does it with the explicit understanding that that bank is to be operated in accordance with each and every provision of the Bank Act. Unfortunately, he is sometimes disappointed.

#### Overdrafts.

The word "overdraft" is not mentioned in the National Bank Act from beginning to end, and such criticism as the office has made of overdrafts has been under the clause giving the Comptroller the right to supervise the banks. The banking laws of the various states, however, have statutes on the subject of overdrafts, and in California any director, officer, employee, etc., of a bank who knowingly overdraws his account and obtains the funds of his bank, and asks or receives a consideration for procuring a

loan from or discount by his bank, or for permitting an overdraft of an account with the bank, is guilty of a felony.

In Indiana directors, employees, etc., of banks who knowingly overdraw their accounts without the written consent of the directors being indorsed on the checks are guilty of a felony. In forbidding directors, officers, and employees to become indebted to their trust company, the enumeration of the possible ways in which they may become indebted includes "by means of any overdraft."

In Kansas and North Dakota any bank officer or employee who pays out the funds of the bank on the order of one who has not on deposit a sum equal to the check is personally liable to the bank for the amount paid.

In the states of Michigan and Wisconsin banks are not allowed to carry an overdraft of more than 90 days' standing as an asset.

In Montana every officer, teller or clerk of a savings bank who knowingly overdraws his account and obtains the funds is guilty of a misdemeanor.

In New Jersey the law forbids the officers, directors or employees of a bank to become liable to the bank "by reason of overdrawn account."

In the State of New York any officer, director or employee of any bank, banking association, savings bank or trust company who knowingly overdraws his account and obtains the funds of the institution, or who asks or receives a consideration for procuring a loan from or discount by the institution, for permitting any person, firm, or corporation to overdraw an account with the institution, is guilty of a misdemeanor.

In Oklahoma any officer or employee of a "bank, banking association, or savings bank" who knowingly overdraws his account is guilty of a misdemeanor.

In Rhode Island every bank is forbidden to allow its officers, directors, etc., to become liable to it "by reason of overdrawn account." It is provided that one who draws a check, draft, or order on a bank, savings bank, or trust company, knowing that he has no funds or credit to meet it, is subject to certain penalties.

Under the laws of South Dakota every active officer of a bank is personally liable for all overdrafts allowed by his bank unless they are authorized by the board of directors. Every officer or employee of "any bank, banking association, or savings bank" who knowingly overdraws his account with the bank and wrongfully obtains the money is guilty of a misdemeanor. An overdraft of more than sixty days' standing may not be considered as an asset.

In West Virginia the total amount of overdrafts in any banking institution must not exceed 5 per cent. of the deposits. Any bank violating any provision of the banking law is guilty of a misdemeanor.

Under the Wisconsin law no officer or employee of a trust company is allowed to become indebted to the company by means of an overdraft.

While the National Bank Act itself is silent on the subject of overdrafts, very fortunately the question has been before the Supreme Court of the United States, and that court says that the granting of overdrafts is a misapplication of the funds of the bank—a tremendously severe indictment of the practice.

The arraignment by our highest court of this pernicious custom is such a scathing one that I wish to read one paragraph from that decision: "A usage to allow customers to overdraw and to have their checks and notes charged up without present funds in the bank, stripped of all technical disguise, the usage and practice, thus attempted to be sanctioned, is a usage and practice, to misapply the funds of the bank; and to connive at the withdrawal of same, without any security, in favor of certain privileged persons. Such a usage and practice is surely a manifest departure from the duty, both of the directors and cashier, as cannot receive any countenance in a court of justice. It could not be supported by any vote of the directors, however formal; and therefore, whenever done by the cashier, is at his own peril, and upon the responsibility of himself and his sureties. It is anything but 'well and truly executing his duties as cashier.'"

I want to leave it to you young men, who are to make the business of banking your life's work, after all that has been said by bankers and financial writers against overdrafts; with the evils that have followed them; with the failures that have been caused by them; with this opinion of the Supreme Court before me, whether I am not more than justified in fighting overdrafts and attempting by every means at hand to drive them out of the banks.

Some banks have employed eminent counsel to convince me that the fight I am making on overdrafts is unwarranted and that the decision of the Supreme Court of the United States is wrong. One of the absurdities in their argument is that the court, when rendering the decision to which I have referred, failed entirely to appreciate the great convenience it is to a man to be able to pay his debts by checks on a bank where he has no money on deposit!

#### Weak Banks Urged to Liquidate.

If a bank is not a success through failure to attract sufficient business or because of reckless or incompetent management, it ought to promptly retire from business and leave the field open for men who will conduct a bank in accordance with law and safe banking practices. Following that sound policy, the moment it is apparent to the bank examiner and to the Comptroller's Office that a bank is bound to be a failure, it is strongly urged that the stockholders vote it into voluntary liquidation in accordance with law, pay off the depositors and retire from business.

This recommendation is made in order that the depositors may be paid in full; that the shareholders have an opportunity to save all or at least a part of their original investment; that the dual liability on the capital stock holdings may be averted, and, most important of all, in order to avoid the paralyzing effect on the community of the failure of a bank.

As a matter of fact, with the exception of banks that have become insolvent because of dishonesty, failures have been wholly due to incompetent or reckless management and persistent disregard of the law. To put it another way, most of the banks that have failed are of the class which should have gone into voluntary liquidation before the conditions were reached which precipitated the failure.

I do not know of a single thing I could do that would tend more to keep the national banks in the full favor of the public than in trying to force out of the system those banks that are in a failing condition and are bound ultimately to go into the hands of a receiver. No one has ever advanced an argument against that policy and no one can, except it be a man, or set of men, who are running a bank, not in the interest of good banking, but in the interest of themselves, their own selfish aims and ambitions and in entire disregard of either the law or the depositors.

#### Maintenance of Reserve.

The bank act provides exactly what reserve the national banks shall carry and what kind of money shall be counted as reserve. The Comptroller has no discretion in the matter; but some banks from the year the first national bank was organized down to this time have wilfully, openly and persistently violated that provision of the law. Neither the restraining influences of the law, the warnings of the national bank examiners nor letters of criticism by the Comptroller had the slightest effect.

The most drastic feature of the National Bank Act is directed toward the bank which will not maintain the reserve prescribed by law. In fact the Comptroller is authorized to appoint a receiver for any bank that fails, after due notice for thirty days, to maintain the legal reserve, though it may be absolutely solvent. Now, I proposed to enforce that law relating to reserves in the national banks and I will tell you how it was enforced.

The law provides that when a bank outside of the reserve or central reserve cities selects a bank in these cities as its reserve agent, that selection must

be approved by the Comptroller, and the banks in the reserve and central reserve cities that had not maintained the legal reserve for a period of five years were notified in writing that unless they maintained the reserve required by law they would not thereafter be approved as reserve agents.

That settled the matter so far as the banks in the reserve and central reserve cities were concerned, but it left offending banks outside of those cities to go along in their defiant way. That situation was met just as easily and just as effectively. These banks were told exactly what their record had been for the past five years; how many times their reserve had been deficient on the calls issued by the Comptroller and how many times the examiner had found it deficient. They were then asked to state in a letter to the Comptroller what their future policy would be in regard to the maintenance of the required reserve. If they stated that they would maintain it and did maintain it—that settled the matter. If they stated that they would maintain it and did not maintain it, the examinations were increased to four times a year. Indeed, a few of the offenders have been told that an examiner would go to the bank and stay there until the reserve was made good and an agreement made that it would be kept so.

The bank that will not maintain its reserve, and by this I mean a substantial maintenance of it, is either poorly managed, speculatively managed, or one that is generally on the road to failure. I am glad to say that practically every national bank to-day is making an honest effort to maintain at all times the reserve prescribed by law. Those that are not endeavoring to do this know exactly what to expect, and they will not be disappointed.

#### Examinations by Directors.

When I ask that every bank have an examining committee, made up of members of its board of directors, I followed that up with the request that the examining committee of all country banks make at least one or two examinations in a year and file a copy of the report in my office. They were asked to cover all of the following points:

The counting of the cash; an examination and verification of securities; the examination of all notes for value, security and genuineness, together with an inspection and verification of the collateral and the listing of all lines to large borrowers and affiliated interests; the verification of certificates of deposit and cashiers' checks; a comparison of the last reconciliations of correspondent accounts; the best possible verification of the individual ledger balances; the totaling of overdrafts and the careful consideration of profit, loss and expense accounts; the listing of liabilities for borrowed money and the inspection of the authority for incurring the same.

Every bank in the country, with the exception of one or two, agreed to have the examination made, covering these points, and to file a copy of the report in my office.

Now what will be the result of this effort? If the cashier is making loans on his own account, which he does not want the board of directors to know about, they will know it. If there is an undue concentration of the funds of the bank, either to one or more of the directors, or in their enterprises, or to any one else, the board of directors will know of it. If there is forged paper in that bank the board of directors ought to and probably would detect it, especially if it be local. If there is stealing in the bank, the examining committee of the board of directors ought to find it out. And in any event it puts the members of the board of directors on record in writing in my office that they believe the bank to be solvent; that they believe it to be well managed; that the loans and discounts are good, with any exceptions noted, and that the signatures are genuine; that any losses ascertained have or will be written off; and that the published statement of the bank is correct. When men are operating banks under Government charters they ought not only to be willing, but anxious, to file that information over their signatures with the officer supervising these banks.

### What I Have Tried to Do.

My effort has been to get good men for examiners; to give them my heartiest support when they are right; to promptly reverse them when they are wrong; to work in the fullest co-operation with the Superintendents of Banking in the various states in order that bad banks and bad bankers might be eliminated; to have the national, the state and all the clearing house examiners work together to improve their work, and thus to get a better reflection of general conditions for the supervising authorities. I have stood earnestly for efficient directoral control in the banks and firmly believe that without it we are going to have at all times a percentage of weak banks bordering on insolvency and occasionally some of them going to the wall.

The effort at best is but a feeble one, and I feel sure that the men who come after me with a better law will push the work on to that high plane of efficiency so absolutely essential to us all.

Before closing, let me say a word personally to each one of you. You must believe in yourself and realize that your greatest enemy is your own lack of ambition. You should love the work you are in and try to do whatever comes before you a little better than the other fellow can do it. Be practical, be earnest, and, most of all, keep yourself prepared for better positions; and when you become the executive officers of banks in a few years, as many of you will, stand firmly for clean banking; stand against speculation. Whatever the law may be under which you operate, observe it to the letter so that you can say to all the world—this bank is operated in accordance with the law under which it is chartered. Establish the reputation of being a level-headed, conscientious banker. Build it on honor and ability, and have no fear of any adverse criticism of your future, which I hope may be full of success honestly won.

### SHARES WITHOUT PAR VALUE.

By Charles L. McKeehan, of the Philadelphia Bar—  
Paper Read Before Philadelphia Chapter of the  
American Institute of Banking, February 14, 1913.

THE American people are shaking the pillars of their jurisprudence to find whether principles of justice and fair dealing support them; they are ready and swift to apply ethical tests to rules of law, however venerable, or to business relations, however familiar or long authorized by Statute and Common Law. . . . To-day our politics is concerned largely, very largely, with the question of over-capitalization. By 'over-capitalization' is not, of course, meant that companies have too much capital, but the very contrary. It is the excess of nominal capital over real capital which is the offense."—From address by the late Edward M. Shepard, Esq., of the New York Bar, before the Illinois State Bar Association on July 12, 1907.

It is appropriate to quote Mr. Shepard in this connection because no American lawyer has done more than he did to illumine and advance the subject I propose to discuss in this paper. What he said to the Illinois Bar Association in 1907 is even more true now than it was then, and it suggests a subject of deep concern to every citizen of this country, and especially to lawyers, business men and bankers.

We all know that a share of stock, issued as "Full Paid and Non-Assessable," with a par value of \$100, means, or is supposed to mean, that at the time that share was issued, the corporation which issued it received the equivalent of \$100 in money, property or services. We also know that in the vast majority of cases the corporation has not received anything like the equivalent of \$100 for that share. The par, or nominal value of \$100, given to that share and stamped upon the certificate evidencing it, may represent a reasonable and well-founded expectation of what the share will some day be worth, or it may represent hopes that never will or can be realized,

or it may have been put there for no other purpose than to use it deliberately for misrepresenting its value and deceiving somebody into buying it, but it certainly does not represent present value in any proper sense of the word. Nobody, not even those who have the highest opinion of it, would be willing to pay \$100 for it to-day. Call it "capitalized future," call it "equity," call it what you will, you cannot call it a present value of \$100.

Two or three men decide to organize a corporation, to acquire and operate a railway, or a gas plant, or an apartment house, or a shoe factory; \$1,800,000 will be required. The organizers and promoters persuade a banking house to supply this amount of money for \$2,000,000 face value of 5-per-cent. first mortgage bonds, and \$1,000,000 par value of common stock. The organizers, who have spent a great deal of time and skill in working up the enterprise, and who will operate it, take \$1,000,000 of common stock. They hope to make the enterprise successful, and they look for their profits to making the common stock valuable. And so the promoters acquire the property and transfer it to the company for a consideration of \$2,000,000 5-per-cent. first mortgage bonds and \$2,000,000 par value of common stock, the directors of the company resolving in due form that the property is fairly worth the face value of these securities. And so the bonds are issued and the stock is issued "full paid and non-assessable."

Now the legal forms that have been gone through with are that the stockholders of that corporation have contributed a capital of \$2,000,000. In addition to this the corporation has borrowed \$2,000,000 for which it has issued its bonds, paying a 10 per cent. commission to the bankers through whom these bonds were sold to the public, the net amount realized to the company on this loan being \$1,800,000. Thus the company has supposedly raised \$3,800,000 and has issued securities of the face value of \$4,000,000, but all it has to show for it is a property that actually cost \$1,800,000 at the time these securities were issued.

And very likely the enterprise is a success and in the course of a few years that company is earning more than \$200,000 net a year. One hundred thousand dollars of this is used to pay the interest on the bonds and is approximately 6 per cent on the \$1,800,000 of cash that went into the enterprise. An additional \$50,000 goes to the bondholders in the form of a 5 per cent. dividend on their \$1,000,000 of common stock, which may be now selling at par, and the remaining \$50,000 goes to those who organized and are operating the company, in the form of a 5 per cent. dividend on their \$1,000,000 of common stock.

Now capitalizations of that sort are put through in this country every day and many times each day, and this has been going on for many years. It is probably not an exaggeration to say that this is the usual method of capitalizing corporations in this country. I do not mean, of course, that most companies are financed solely on the bonds, or that most stock issues are all water. It would probably have come closer to actual practice if my illustration had provided a smaller bond issue and had included an issue of preferred stock. But I have wanted a simple illustration, and the one I have used does illustrate our system. This system has aroused public suspicion and distrust. It is very generally charged and believed that it is a swindle upon the public. To many good people the word "promoter" is a term of reproach. Swollen stock issues are supposed to be the means of concealing enormous profits realized from exorbitant rates. All sorts of evils are attributed to "watered stock," some of which are real and some of which are largely imaginary. Nearly all of the remedies thus far attempted have been in the direction of compelling a compliance with the present provisions of law relating to the issuance of shares of capital stock. Criminal and civil liabilities have been provided for promoters, directors and stockholders, and public commissions have been charged with the duty of supervising stock issues. But we all know that though here and there stockholders and directors have been held liable, criminally or civilly, these remedies have utterly failed to work any material change in the methods of capitalizing corpora-

tions and the water flows under the bridge as smoothly to-day as at any time in our history.

Very few people can be found who will say that our present method of capitalizing corporations is right, but in all of the discussions of the subject that I have read, I do not recall any that has explained and emphasized the principle that lies, I believe, at the root of the matter. I suggest to you that the real evil is with the law rather than with the promoter or banker; that the effort to enforce our present law is an effort in the wrong direction; that the fundamental difficulty is with our present law, in that it utterly ignores important principles and factors present in almost every business enterprise, and that what we need to do is to make legal theory accord with sound business principles and methods. Let me explain what I mean by turning to the illustration I used a moment ago, in which \$2,000,000 of bonds and \$2,000,000 of stock were issued for a property that cost \$1,800,000. Suppose that enterprise had been undertaken by two individuals and not by a corporation, one of them a man of large means and the other a man without much capital but with great ability and a thorough knowledge of the business in which they were to embark. The man with capital agrees to provide the money if he is paid 6 per cent. interest on his investment and is also given a "one-half interest in the business." The other supplies no capital, but he contributes the brains, and he is to run the business, and he is given "a one-half interest in the business." After the business has paid the capitalist interest on his investment, all profits are to be divided equally between the two partners. If at any time they sell the business or close it out, the capitalist first gets back his investment and the balance of all the firm's property and assets are to be divided equally between the two. On this basis they go ahead, the business succeeds, its earnings amount to about 12 per cent. on its capital, and of this amount about 6 per cent. first goes to the man who supplied the capital, and there is an additional 6 per cent. which is divided equally between the partners. Now, nobody in the world would think that there was anything improper about such an arrangement. It is an ordinary and usual partnership agreement, based upon sound business considerations. It has always been legal and it ought to be legal.

You will notice in this illustration that the business man who contributes the "brains" and who is to manage the enterprise, acquires "an interest in the business," although he contributes no capital. That is exactly what the men who organized and operated the corporation in our first illustration wanted to acquire, and that is what the bankers wanted to acquire. But the law made no provision for this. The only way in which these men could acquire a partnership interest in that corporation was by contributing to its capital and they went through the form of contributing to its capital and issued twenty thousand shares of stock, which were supposed in legal theory to represent a contribution of \$2,000,000 to the capital, but which, in fact and from a business standpoint, represented simply "an interest in the business." You will hear bankers speak of it sometimes as a share or an interest in the "future of the company," or as "a share in the equity." Whatever you call it, it is substantially and practically the kind of an interest that a man got at common law and gets to-day when he becomes a partner in a firm.

The modern corporation, whether it be a monied corporation, a business corporation, or a so-called public service corporation, is really a common-law partnership modified to meet the needs of large and permanent enterprises in which a large number of people embark together. It is a stage and a phase of the law regulating the activity of people in groups. The best treatise on corporation law yet written in this country says: "The statement that a corporation is an artificial person or entity, apart from its members, is merely a description, in figurative language, of a corporation viewed as a collective body; a corporation is really an association of persons, and no judicial dictum or legislative enactment can alter this fact."—Morawetz on Private Corporations, Sec. 227.

To illustrate, in a partnership the death or resignation of a member of the firm, any change in the personnel of the group, dissolves the firm. Manifestly, such a rule of law is inapplicable to an enterprise in which two hundred people are engaged; hence the rule that a corporation continues either in perpetuity or for a definite period named in its charter without regard to changes in its membership and that membership in the group, together with its rights and its liabilities, may be freely transferred from one person to another without affecting the legal identity of the group. Again, each partner has full power to act for the group, to contract for the group, and his action binds the other partners. Such a rule is sound enough where the group consists of two or three men, but the Pennsylvania Railroad cannot be run by each of its forty thousand and more stockholders; hence the rule that in corporations the group must act through representatives, i. e., officers and directors, except in certain important questions, which the law requires to be submitted to the entire group of persons interested, namely, the stockholders. Again, in a partnership, each partner is liable for the debts of the firm; but people will not put their money in very large enterprises about which they know very little and in the management of which they have little to say, unless they can be relieved of personal liability; hence the rule that the creditors of a corporation must look solely to the capital of that corporation. These are the important differences: 1. Perpetuity, regardless of changes in membership and with the right to transfer membership; 2. A limitation upon the powers of the members to act for the group and a requirement for action through representatives; 3. Limited liability.

But there is one important element present in the law of partnership, which has been eliminated and wrongly eliminated from the law of corporations, namely, the right to divide and apportion the respective interests of the persons engaged in the enterprise on such terms as the parties may agree upon and regardless of the contribution each makes to the firm's capital. Under our present corporation law, membership in the group can be acquired only by contribution to the corporation's capital, and the interest in the business acquired by each contributor is in exact proportion to the amount of his contribution. I submit that this principle is in the very teeth of business and economic considerations and of actual practice. We have been told concerning the wrongs done in corporate management, that guilt is personal. So it is. It is equally true that success is personal. The majority of business enterprises in this country, both large and small, are conducted through corporate form, and the ablest talent in the country is engaged in organizing and conducting business in this form. Some kinds of business require a relatively large amount of capital. Some kinds require a relatively small amount of capital. In every business, the brains that organize it, that manage it, develop it, are a tremendous factor in its success. I need not stop to consider now whether the man who contributes the capital or the man who contributes the brains makes the larger contribution. As a matter of fact, any sweeping generalization on that question would be of small use. But any law that regards a corporation's capital as being practically the only thing in it that makes money, any law that endeavors to adjust and apportion all the rights of ownership and control, "the interests in that business" solely on the basis of the proportionate contributions to its capital, is plainly and grossly inadequate.

And yet this is the underlying principle of our law regulating the capitalization of corporations. I repeat that this law is fundamentally inadequate in two respects: first, the only legal method of acquiring membership in a corporation is by contributing to its capital; second, each member's interest in the corporation is in exact proportion to his contribution to that capital. It is impossible under such a law to adequately determine, express and distribute what I may call the proportionate interests of the partners in the enterprise. It ignores a principle of business that is vital, active and pervading, that enters in many forms and in varying degrees, dependent upon many and varied circumstances, into almost every



business enterprise, a principle that is woven into the whole warp and woof of business life. It ought to have been possible, to go back to our illustration, for those who organized, financed and operated that enterprise, to have divided up the partnership interests in it in any way in which they might mutually agree upon. The bankers who bought those bonds and the public who in turn bought them from the bankers were paying a very high price for them, when you consider that there was no margin in the security. Of course, they would not have loaned their money at 5 per cent. on such a security unless there also went with each bond an "interest in the business." In other words, the "bonus stock" was to a very large extent the inducement. The organizers and operators were giving to that enterprise ability, experience and years of work. They would get little or nothing out of it unless they made it a success. On them chiefly depended whether the enterprise would succeed or fail. Of course, they stipulated, and rightly stipulated, for a large "interest in the business."

These men who organized, financed and operated that corporation wanted simply to distribute an interest in the business among a large number of people. They found themselves face to face with a law that said, "You must contribute to the capital to get an interest in this enterprise, and each man's interest will be in exact proportion to his contribution to the capital." So what did they do? They proceeded to go through the form of contributing to the capital and they got out the stock. Then they proceeded, by means of that stock, to allot and distribute the respective interests in that enterprise in the proportions which had been agreed upon, but in order to do this they were compelled to resort to a lie and a subterfuge, repugnant to them and utterly unworthy of the manliness which usually characterizes American methods.

In this connection, we may well take note of a striking characteristic of our banking system with relation to the development of business enterprises. In Europe the banks finance such enterprises and carry them through their early years. But American bankers are, as has been well said, "purveyors of capital rather than themselves contributors." They buy the securities in the first instance, but they are quickly sold, are "absorbed by the public," as the phrase goes, and the banker's capital is again intact and ready for new undertakings. I quote Mr. Frederick Strauss in this connection: "What none of the critics of 'watered stock' seem to take into account is that on the Continent of Europe the great banks with their enormous capital and surplus and their fixed deposits, carry new projects until the earnings thereof have reached the desired point, and then the actually full-paid shares are sold to investors at a high premium; thus the promoters and the sustainers of these enterprises during their infancy, reap a large profit, and the capital of the banks is free once more for new ventures; but here the banks cannot do this, and the means of private bankers, however great, would be entirely insufficient for the purpose. Of course, no prudent bank or banker here would use deposits for this purpose, banking conditions being entirely different from those abroad, and the imprudent ones that have attempted to do this have usually come to grief. The economic necessity that capital should be set free at the earliest possible moment to do new work, is the cause of the issue in this country of so-called 'watered stock' and of the advocacy of shares 'without the dollar mark.' This mobility of capital is a national asset."

It is indeed a national asset in a young and growing country. Even Pennsylvania, one of the oldest and most populous of American commonwealths, is not yet thickly settled, and it would be difficult to exaggerate the need for the free movement of capital in developing this country, destined probably to be the home of two or three hundred million people. Side by side with this need is the corresponding need that the legal forms through which our enterprises are conducted shall be founded upon principles that do not make capital co-extensive and synonymous with rights in the profits, rights of control, "an interest in the business."

I do not say that this accounts for all over-capitalizations. I recognize that some of them are essentially and knowingly fraudulent. But I say that the considerations I have described account for nine-tenths of all the watered stock issued last year. In spite of all the subterfuge and evasion, it is the expression of an active, vital, necessary business and economic principle. This is what that stream of "water" means, and it is strong enough to break through any dam that a constitutional convention or legislature can build.

But, manifestly, a system so permeated with evasion and concealment cannot and should not command public confidence. And the very worst feature is that it is the parent of a wide-spread and deep-seated distrust of the corporations of the country and of those who finance, control and operate them, a description which includes a very large portion of the invested capital of the country, and a very large body of men of ability and integrity.

Many of the evils of over-capitalization are largely imaginary, chief among them the belief that the nominal or par value of a share of stock is a potent influence in deceiving purchasers as to its real value. The truth is that stock is bought and sold on its actual worth with little or no regard to its par value. One hundred and seventy different stocks were bought and sold yesterday on the New York Stock Exchange. Only one of them sold at its par value. One hundred and thirteen sold below par and fifty-six above par. Several sold for less than ten dollars a share, and some sold for three or four hundred dollars a share. The shares of some of our trust companies sell for ten and fifteen times their par value. Indeed, the par value of a share does not even purport to state its present value. As was said in the report of the Railroad Securities Commission: "It has at best only a historical importance as showing what property was or purported to be worth at the time of the incorporation. It does not show what it is worth . . . ten years later or even one year later."

On the other hand there is a general belief that many people are deceived by the nominal value stamped on a stock certificate, and no one can assert with any degree of confidence that this does not happen in some cases.

Still more deep-seated is the belief that watered stock is a means of concealing excessive profits derived from exorbitant charges, especially in the case of public service companies. Here again, every one who has studied the question seems to agree that the rates charged by a public service company have no relation to the capitalization of the company. Some years ago, Mr. Martin A. Knapp, Chairman of the Interstate Commerce Commission, testified that he did not recall a case in which a railroad rate had been fixed with any regard to the capitalization of the company. Judge Lovett recently said the same thing in most positive words to the Railroad Securities Commission. But as long as such a belief exists there will be unrest and dissatisfaction, and the rates of public service companies will be liable periodically, not to the proper and useful regulation secured by a well-constituted public service commission, but to the mere brutum fulmen of public anger and resentment.

The charge that watered stock tends to conceal profits is very largely true, and our false basis of capitalization is largely responsible for the dangerous notion, now becoming quite current, that 5 or 6 per cent. upon the actual capital investment, or upon the present value of the tangible assets, is the legitimate return upon a public service enterprise. You know well enough that a mere legal interest rate has little or no bearing upon determining what is a proper return to one who is a partner in a business. A legal interest rate represents simply the judgment of the legislature as to the reasonable worth of money loaned on safe security, in which case, mark you, the borrower is under an obligation to return principal and interest, and has given adequate security for the performance of that obligation. But a share of stock is not a loan. It represents, or ought to represent, a proportionate part of the partnership interest in a business, and there would be a much better understanding of this question on all sides if the actual capital of pub-

lic service corporations was truthfully stated and published, and if the profits derived from the operation of these companies were truthfully stated and published, instead of being expressed as a 5- or 6-per cent. dividend on what purports to be a capital investment. To quote Mr. Shepard again: "Stock watering has seemed—if indeed it has not been—a sort of confession that profits ought not to exceed such a rate of interest."

Another real evil of our present law as to capitalizing corporations—though it is not generally dwelt upon—is the difficulty of raising additional capital by corporations whose shares of stock sell for less than their par value. This is well stated in the report of the Railroad Securities Commission: "If a road whose stock, for any reason whatsoever, sells below par is prohibited from issuing stock at less than par, it means that it must raise all its money by bonds. It is compelled to go more and more deeply into debt. The worse the financial position of the road, the stronger is the compulsion and the heavier are the interest charges on the bond. To compel the weaker roads to pursue their present policy of issuing fixed interest-bearing obligations by reason of their inability to sell stock at par may before long, by reason of a large crop of receiverships, result in intensifying the acuteness of the next panic and in prolonging the subsequent business depression."

"If the stock bears upon its face the statement that each share represents a contribution of one hundred dollars or any other specified sum which constitutes its par value, we see no easy way of avoiding this difficulty. If a document says one hundred dollars has been paid, one hundred dollars ought to be paid."

In 1892, a committee of the New York State Bar Association recommended the enactment of legislation, "To permit the formation of a distinct class of business stock corporations whose capital stock may be issued as representing proportional parts of the whole capital without any nominal or money value. The effect of such amendment would be to provide for the measurement of the interest or shares of the members of such a corporation by a statement of proportion, as in the case of the part owners of a ship, and not by an arbitrary assignment of money value, which is delusive in the case of every corporation whose capital stock has a market value either more or less than its nominal par value. Such an amendment, though somewhat radical, is not altogether novel. It embodies a principle adopted in corporation laws in Germany. It would relieve any possibility of injury to the public from misleading representations as to the money value of corporate stock, and would also relieve from embarrassment conscientious corporate officers often compelled to deal with legal fiction as to which they have no personal knowledge, as though it were a reality within their own observations."

This proposal was repeatedly and ably discussed by the late Edward M. Shepard in addresses to the profession throughout the country. In 1899 Mr. Francis Lynde Stetson elaborated it in testifying before the Congressional Industrial Commission.

In 1908 Governor Edward C. Stokes, of New Jersey, strongly recommended this proposal in his annual message to the New Jersey Legislature, saying: "It eliminates the problem of over-capitalization—difficult to deal with by a legislature without interfering with legitimate business. It could work no injury either to the corporation, stockholder or the public, and it would free the shares of the corporation from the too often false allurements of arbitrary par value and leave their values to be determined, just as are the values of real property, by the judgment of the market. One vital principle in this connection must not be overlooked. It is nominal capitalization which would be abolished and not the requirements that the company shall have any given actual capital."

In 1910 the proposed Federal Incorporation Act, drafted by the Attorney General of the United States, contained provisions permitting the formation of such a class of corporations.

Again in 1911 the Railroad Securities Commission

in its report to the President of the United States, emphatically endorsed this plan, saying: "We are ready to recommend that the law should encourage the creation of companies whose shares have no par value, and permit existing companies to change their stock into shares without par value whenever their convenience requires it."

In a very interesting and able statement made to the Railroad Securities Commission, R. S. Lovett said: "I am strongly in favor of the issue of stock without par value, whether issued for the New York or property. The shares of every corporation should be of a specified number. Certificates should be issued for the shares, specifying of course the number which the holder owns, but not the value thereof. The value of each share would then depend upon the value of the property owned by the corporation, such as a city lot, or a house, or any other piece of property. The certificate and the share would then represent the truth, whereas the present method of attributing a value in dollars to a share of stock is deceptive, misleading, and very often an unmitigated fraud. There are in circulation certificates representing stock, of a par value of one hundred dollars, that is not worth one hundred cents, and there are in circulation other certificates representing stock as worth one hundred dollars per share, which is worth several hundred or several thousand per share. In thinking about this subject, from time to time, I have endeavored to develop in my own mind some reason of necessity or convenience for giving to corporate shares a par value, but without success. I have been able to think of none. On the other hand, and in addition to the reasons already stated, the issuance of shares as shares without attributing to them a value which of necessity varies and is more or less misleading, rationally solves all the problems about the 'watered' stock, and dispenses absolutely with the necessity for any legislation upon that subject."

In 1909 Messrs. Francis Lynde Stetson, Edward M. Shepard and Victor Morawetz, who had been appointed a committee by the New York Bar Association for that purpose, prepared a bill to amend the corporation law of New York so as to permit the formation of corporations having shares without par value. The bill passed the New York Assembly, but was vetoed by Governor Hughes, on the ground that it was not suitably adjusted to the tax laws of the state, although he favored the principle of the bill.

Finally on the 15th of last April (1912) a new act, drafted with a view of obviating these objections, was passed by the New York Assembly and became a law, the Governor of New York expressing himself as sure "that the future will prove the great value of the measure to corporations and investors."

It may give focus and point to the principles I have tried to set before you, if I briefly summarize the provisions of this law.

This statute authorizes the formation or reorganization of any stock corporation (other than a moneyed corporation or a corporation under the jurisdiction of any Public Service Commission), with shares having no nominal or par value, except preferred stock having a preference as to principal. Stock preferred simply as to dividends is to be issued without par value. It is only when the preference is as to principal that for obvious reasons the amount of such preference must be stated, and such stock may be said therefore to have a par value, which must be \$5 or some multiple of \$5, but not more than \$100. The amount of capital with which the corporation will carry on business must be stated in the certificate of incorporation. This means actual capital, not shares of stock. If the company issues any shares preferred as to principal, the capital must be not less than the amount of such preferred shares, and in addition thereto a sum equal to at least \$5, or some multiple of \$5 on every share other than such preferred shares. Thus a company which issues 1,000 common shares must have an actual capital of at least \$5,000, or it may be \$10,000 or \$50,000, or \$100,000. Or suppose the company desires to issue 100 shares preferred both as to dividends and principal, 100 shares preferred only as to dividends, and 800 common shares. It would have 100 shares with par

value and 900 shares without par value. The par value of the 100 shares preferred as to principal must be stated. Suppose that it is \$100 a share. This company, then, must have an actual capital equal to \$10,000 (the par value of the shares preferred as to principal), and not less than \$5 per share on each of the 900 shares issued without par value. Every certificate for shares without par value must have plainly written on its face the number of shares which the corporation is entitled to issue, but no such certificate shall express any nominal or par value.

As to the prices at which such shares may be issued, the certificate of incorporation may stipulate the price, or it may confer authority on the directors to sell the shares at such prices as they may fix from time to time. If there are no such provisions in the certificate, the decision of the directors as to the prices at which shares shall be issued, is subject to the consent of the holder of two-thirds of the outstanding shares. All shares so issued and sold at whatever price, are full paid and non-assessable, and the holder of them is not liable either to the corporation or to its creditors.

Corporations organized under this statute cannot begin business or incur any debt until the amount of capital stated in the certificate of incorporation "shall have been fully paid in money or in property taken at its actual value." Here again, mark you, the reference is to actual capital, not shares. The shares of such a corporation represent simply the proportionate or aliquot interests which the holders have in the enterprise. But the company must file with the Secretary of State at the outset, a truthful statement of what its actual capital really is, and it cannot declare any dividend which shall reduce the amount of its capital below the amount so stated. Of course, dividends on such shares are expressed as so many dollars on a share, and not as a certain per cent. on the par value of a share.

There are further sections of the act providing for the increase or reduction of the number of shares or the amount of stated capital, adjusting the corporation tax laws of New York to shares without nominal value, and providing how existing rules of law and statutory provisions relating to "amount of capital stock" or "the amount of par value of shares" shall be applied to corporations having shares without par value.

Such are the provisions of this interesting and important statute, a statute which, I believe, takes a longer step in the direction of curing the abuses of over-capitalization and the putting of our corporation law upon a sound basis, than has been taken by all the legislative enactments and judicial opinions of the last fifty years. Of course, the novelty of the idea makes people slow to avail themselves of its provisions, yet already a number of companies have been formed under this act, and quite recently a very important company was organized under it, the Wisconsin-Edison Company, with an actual capital of \$12,000,000 and 300,000 shares, of which 100,000 shares are preferred, both as to dividends and principal, and 200,000 shares are common shares with no nominal or par value. The principle embodied in this statute is so fundamentally sound that we may reasonably expect and believe that as time goes on, more and more companies will be organized under it and that its principles will find expression in the legislation of other states.

This is an appropriate time at which to call this matter to your attention, because a joint committee of the General Assembly of Pennsylvania is now at work upon a revision of the corporation laws of this commonwealth. The committee has been continued for another two years and will report at the next session of the legislature. In the draft of the act they have already prepared no provision is made for shares without par value, although a note is attached to the committee's report suggesting some provisions based upon the New York Act. I believe that the members of this Association could perform no greater service than to give thoughtful consideration to the ideas I have tried to present to you this evening, and, if you finally conclude that they are right, to use your influence towards furthering their adoption as part of the corporation law of Pennsylvania.

## A PLAN FOR CURRENCY AND CREDIT REFORM.

By P. L. Alberse, of the Correspondence Chapter of the American Institute of Banking.

THAT 85 per cent. of the deposits of national banks with reserve agents be declared special trust deposits, to be invested by the reserve agents only in commercial bills receivable to the extent of not less than 50 per cent. nor more than 85 per cent. thereof. The discretionary 35 per cent. to be invested in such a manner that it would be immediately available for investment in commercial bills when required. If the 50 per cent. at any time cannot be advantageously invested in bills the balance on hand to remain in lawful money in the vaults of the reserve agent. Said bills receivable to be segregated from other deposits and held for the account of the depositing bank, to be used as a basis of currency when required.

The Treasurer of the United States to permit the depositing national banks to issue bank notes in similar manner to those now secured by government bonds upon security of the bills receivable held by the reserve agent for the account of the depositing bank, said bills to be endorsed by the issuing bank and the reserve agent; in addition the issuing bank to deposit an equal amount in other bills receivable from its own assets, or United States bonds of all issues or other securities approved by the Secretary of the Treasury; thus giving as security for \$100,000 of bank notes, \$100,000 in bills receivable, issued in the ordinary course of business and endorsed by the issuing bank and the reserve agent. In addition, \$100,000 of other bills receivable taken from the assets of the issuing bank or an equivalent amount in United States bonds (of any issue) or such other bonds and securities acceptable by the Secretary of the Treasury.

The currency thus issued to not materially differ in appearance from the present issues and to be taxed in an equitable manner. The balance of the reserve in the hands of the agent bank to be invested as it is at present, the depositing bank to regulate the amount invested in bills receivable between the 50 per cent. and 85 per cent. by instruction given to the reserve agent.

The subject of reform to our currency laws has received and is receiving a great deal of attention not only by the representatives of the people but by the general public as well. Therefore, this being a subject of such general public interest, I, a layman, take the liberty of suggesting a plan for general consideration. No plan of reform in the currency laws can be expected to receive general support that does not recognize the public danger of a further concentration of the cash and credit in few hands or that would destroy the one great advantage that our present banking act presents by permitting national banks to have branches; were it not for this safeguard there would to-day be a "money trust" in its literal sense and a few of the largest banks would already control all the credit of the nation. The plan proposed attempts to further decentralize our banking interests and put the national banks all on an equal footing according to their assets.

It has the further advantage of requiring but few changes in our present Banking Act.

It is apparent to all who have given the subject some study that there are two interests to be considered in any plan of providing relief to our currency laws. First, the needs of general business for carrying on trade, moving crops, etc., and second, the needs of "financial banking" and the flotation of speculative ventures in securities, be they the needs of a railroad or those of the stock-speculator. In times of money stringency these interests clash, and as ventures of the second class by their very nature can afford to pay higher rates for money, it always remains a peril to the nation that this class will find relief at the expense of ordinary business which competition has compelled to be conducted on a small margin of profit. This is not so noticeable in ordinary times.

But the time comes when the local banks through-

out the country are forced to call upon the reserve agents for the needs of their merchants and the money loaned to the second class must be recalled suddenly, the result is that the values of the very securities which formed the basis of the loans begin to decline rapidly in an ever-increasing ratio, because said values have been artificially inflated through manipulation or otherwise owing to the assistance of the funds that are properly the reserves of commerce. It is true that nothing is destroyed by marking down the prices of securities, but great distress is caused thereby to all business.

The plan proposed recognizes the superiority of the loans to the merchant and manufacturer by placing commercial bills in a position to be used as the basis of currency issue, but does not destroy the market for loans of the second class but makes it unlikely that commerce must again bow to speculation to the extent it has done in the past.

It has been estimated by a former secretary of the treasurer that our currency should be so elastic as to allow a possible increase of \$400,000,000 during certain periods of the year.

The statistics I have available are not the latest, but show amount of deposits in all national banks amounting to five and one-half billion dollars, and will serve to illustrate.

A local national bank is required to carry a reserve of 15 per cent. of its deposits. Three-fifths or 9 per cent. must be covered by the net deposit with the reserve agent. This 9 per cent. would amount to about \$495,000,000, of this amount one-half of \$247,500,000 must be invested in commercial paper (according to the plan) or remain idle with a further possible increase of 35 per cent. if required—making a maximum of about \$421,000,000 against which currency can be called for with the additional safeguard provided in the plan.

The scheme proposed does not effect the rights of banks to invest their own funds, but simply provided that the reserves which are deposited by "Country Banks" be isolated from the general assets of the reserve agents. The flexibility of the currency would be sufficiently increased by this plan, which does not effect present issues in any way; and with it furnishes the means of separating to a great extent the financial needs of the manufacturer and merchant from those of the "financial Banker" and makes ordinary business independent of the "Call Money" market.

#### NEW BANKS.

By John C. Koebis of the Correspondence Chapter.

**I**N the organization of a new bank careful consideration should be given to existing conditions in the community where the bank is to be located. The proposition should be thoroughly canvassed and the type of bank best adapted to handle the business available should be selected. If the business apparently in sight is in the form of loans on collateral or real estate, management of estates or inactive personal accounts or execution of trusts, a trust company would be the proper selection. If the community is an industrial or commercial center, the business offered would be in the form of commercial paper, collections and active business and personal accounts and the better choice would be a bank of deposit and discount, either National or State, depending upon the population and the ease with which banking capital could be recruited. Effort should be made to distribute the stock widely so that the scope of influence for the new bank would cover the largest possible area. The necessity for a new bank should be established beyond all peradventure. The Comptroller of the Currency will not authorize the establishment of a new bank at a place where, by reason of apparent lack of business, there is little likelihood of its success, or where existing banking facilities, either National or State, are unquestionably ample, or where the character or financial abil-

ity of the organizers is doubtful, or where the establishment of a new bank might seriously embarrass an old one. There must be some real necessity for a new bank and the demand must emanate from the business interests of the community and ample assurance must be given that the bank will receive sufficient business to warrant its establishment and give it, under conservative management, reasonably fair prospects for success, otherwise the Comptroller will not permit its establishment and the same conditions obtain under State Bank supervision.

#### INVESTMENT OF BANK FUNDS.

By G. B. Snyder of the Correspondence Chapter.

**A** BANK'S fund should be invested as follows: Stocks and bonds, 10 per cent.; loans to customers, 70 per cent.; commercial paper purchased on market, 20 per cent. My reasons for the foregoing percentages are these: We will take for granted that each class of the above loans is safe. Then, the first thing for us to do is to carry sufficient bonds that if necessary we can either dispose of them or use them as collateral for money that we might need to borrow, to pay our depositors if we should run low in funds. But bonds, as a rule, do not "pay" as much as commercial paper, and, as they run for longer periods it would be well for us to get some of our secondary reserve into more convertible paper than bonds. So I buy commercial paper to the extent of 20 per cent. of my available funds. As stated above, this being short-time paper, maturing at different dates, and just as safe as bonds, and usually "paying" more, is as good a "secondary" reserve as I can find. But neither the commercial paper borrowers, nor the persons who sell me the bonds, add anything to my deposits. My business mainly is to make money. I must make it out of the money I have on hand. By loaning it to those who will redeposit it in my bank, and carry accounts with me, I am doing my bank more good than if I have larger percentages of my money invested in bonds and commercial paper. Thus, I would loan as much money as I could to regular customers, but I would always try to carry sufficient bonds and commercial paper as a secondary reserve to meet all probable necessities. I think the percentages as stated above would ordinarily be practicable.

#### RECENT PAMPHLETS ON CURRENCY LEGISLATION.

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

Anderson, F. B., "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."



# INSTITUTE CHAPTERGRAMS

Chaptergrams must be received by the Educational Director of the Institute not later than the 28th of the month preceding publication.

## THE RICHMOND CONVENTION.

By Harry V. Haynes.

**D**URING the ensuing month many of the delegates who will attend the coming Convention at Richmond, Virginia, on September 17th, 18th and 19th, will be chosen, and it behooves all those who do not wish to overlook something worth while to arrange to be in attendance. The time selected by the Executive Council is an ideal one, coming as it does after the heat of summer shall have spent itself, and the program which is contemplated, from the standpoint of real earnestness in our Institute affairs as well as from the desire to afford the maximum of pleasure, will be worked out with the greatest care, with a view to having every delegate who attends the Convention feel that the Institute fully merits the confidence he has in it and the support which he gives.

The committee in charge of the arrangements will do its best, but what it has in mind requires the co-operation of a considerable number of men, so that the success attained will in great measure depend upon their efforts. Heretofore we have been honored by the presence of gentlemen of prominence to whom it was a great pleasure to listen, and we shall again this year listen to two, or possibly three, speakers of the highest calibre, but we have concluded that we should give up more of our program to our own men, looking to their development in a broader way. We doubtless have many men on our list of graduates who are well qualified to go before the Convention and do credit to themselves and to the Institute. The opportunity which these men should have will be offered to them and the committee will rely upon them to hold up their end.

Richmond being the birthplace of the Institute, it is appropriate that we should fittingly celebrate. With this end in view, we want the support of every chapter and every man who expects to attend the Convention, and if it is forthcoming—as we have no doubt it will be—we can give our assurance that the result will be at least in keeping with the high standard already set.

## ALBANY.

By Samuel Applebaum.

**O**N Thursday evening, February 20, 1913, Albany Chapter held its open meeting in the National Commercial Bank, and the following new members were enrolled: Harry J. Warner, James H. Wallace, A. P. Adams, Jr., William P. Davis, Charles LaDow, Charles E. Smith, Jr.

The Speaker for the evening was E. K. Satterlee, a graduate of the New York Chapter and at present State Bank Examiner in the State of New York. Mr. Satterlee's address was on "Examinations of National and State Banks." His talk was full of advice to bank employees who are anxious to advance in the banking field. From his own experience as a bank clerk he thoroughly explained and emphasized the good the American Institution of Banking has done and is doing for the bank clerks of this coun-

try. At the conclusion of Mr. Satterlee's address the members gave him a rising vote of thanks.

On March 16, 1913, Albany Chapter was in existence one year, and the members have worked hard to make it a success. Our study class attendance averages about thirty-five and each week finds it increasing. Our next subject, provided by Professor James B. Kennedy, is "Stocks and Bonds," and a large attendance is expected.

At the open meeting held March 20th, the following new members were enrolled: Charles L. Dorrington, Arthur Koch, Dudley Olcott.

The speaker selected for the evening was called out of town and we were obliged to suffer our first setback and disappointment of the year. Leo K. Fox, Chairman of the Educational Committee, volunteered to give us an informal talk on stocks and bonds. His address was well received by the members. He gave us many opportunities to ask questions and we kept firing away at him for about one hour. At the conclusion of his talk all agreed that Mr. Fox deserved a rising vote of thanks. The motion made and seconded to this effect was unanimously carried.

John O'Byrne, Chairman of the Committee Arranging for our first banquet, announced that all arrangements had been made for the dinner to be given by the chapter, and that good speakers for that evening were engaged. The officials of the banks in our city have assured us that they will be present on this occasion, and an enjoyable time is anticipated.

## BALTIMORE.

By Frederick O. Scherf.

**O**N the evening of Tuesday, March 11th, Baltimore Chapter was addressed by Joseph M. Watkins, Auditor of Revenue of the Baltimore and Ohio Railroad Company, on "Accounting." Mr. Watkins said that bank auditing is one of the arts and sciences, and that we should have as much pride in our work as any other professional men have in theirs. The earliest reference he has been able to find about auditors was an inscription on a moral slab in the chancel of a church in England dated 1285, which is as follows: "Here lyeth part of Richard Bowle, who faithfully served divers great lords as auditor on earth, but also prepared himself to give up his account to the Lord in Heaven, and now he has his quietus and rests from his torments and labors." At the conclusion of Mr. Watkins' address we had an adding machine contest on the Wailles Visible Adding Machine.

The Adder Machine Company, of Wilkesbarre, Pa., donated \$25 to be divided into six prizes: \$10 for the first, \$5 for the second, and four others of \$2.50 each. As usual, Thomas C. Thatcher, of the Farmers' and Merchants' National Bank, won first prize and William T. Bevan, Jr., of the Maryland National Bank, won the second. The other four were captured by Allen F. Daneker and Louis W. Jenkins, of the Farmers' and Merchants' National Bank, and Albert N. Smith and Frederick O. Scherf, of the Merchants' and Mechanics' National Bank.

Arrangements have been completed for our annual excursion. The steamer "Dreamland" has been chartered for May 30th, and we will go to Chesapeake Beach.

**BIRMINGHAM.**

By H. M. Sterne.

IN lieu of our March general meeting, ninety members gathered around the festive board on the 25th. After a thoroughly enjoyed luncheon, the following program was rendered to the edification and amusement of all present:

"Money—Good, Bad, and Indifferent," by Alan Daly; "The Hard Time the Bookkeeper Thinks He Has," by A. G. Jones; "Birmingham's Banks," by Langston McCalley; "Banks' Customers (Women Included)," by R. H. Shaddick; "Birmingham Chapter, American Institute of Banking," by M. H. Sterne.

Impromptu talks were also made by the following: C. M. Williamson, A. Leo Oberdorfer, Otto Mooney, R. H. Wharton, J. H. Hard, and C. P. Hilty. J. L. Cross made a big hit as Toastmaster. A vote of thanks was extended by the chapter to H. H. Eveslage, Chairman of the Entertainment Committee for the month of March, in appreciation of the great success of his efforts.

It is probable that in future we shall try to have more social features injected into our programs, as they seem to give a certain amount of life and interest that is otherwise lacking.

Our study class is meeting twice a month and making good headway.

**BOSTON.**

By William T. Killoren.

THE members of Boston Chapter are still actively engaged in carrying out the year's program.

The last lecture in the practical banking course was given on Tuesday, March 11th, and the last law lecture was given Friday, March 28th. The announcement of examinations to be held April 10th and April 17th, respectively, has stimulated the members taking both courses to renewed efforts, in their endeavor to obtain the necessary credits for the Institute certificate. Over one hundred men have qualified for these examinations by attending the required number of lectures and a large class of graduates is looked for.

Among the year's successful events is to be numbered an exhibition of banking forms, time-saving devices and appliances given in Gilbert Hall on Tuesday, March 18th, many of the bank officials of the city as well as employees being in attendance. It is estimated that fully five hundred people were present. The exhibitors were seven in number, prizes being offered by two of the concerns exhibiting. The card ledger system used in proving postings in savings banks was put to a speed test. Each contestant was given one hundred cards to file and record. The winner, E. C. Goding, of the Waltham Savings Bank, made the remarkable time of two minutes forty-nine seconds, winning a prize of ten dollars offered by the Library Bureau. In the adding-machine contest for the cup offered by the Burroughs Adding Machine Co., Paul H. Hartford, of the Union National Bank, Lowell, was the winner, receiving the cup and ten dollars, his time being two minutes thirty seconds for one hundred and fifty checks. Harold Ainsworth, of the Beacon Trust Company, won the second prize of six dollars; and the third prize, four dollars, was won by Eben Darling, of the First National Bank. Aside from the adding-machine contest the program was entirely new, the first of its kind to be given in Boston, and the Educational Committee deserves credit for another decided success.

The March Chapter Night was held at the City Club on March 17th, one hundred and twenty-five attending. This was known as "Trade Night Number 2," the speakers being officials of local industries, as follows: Thomas F. Anderson, Secretary of the New England Shoe & Leather Association, and Edward J. Frost, Vice-President of William Filene & Sons Company, who spoke on "Retail Distribution." It was successful in every respect. The Committee having it in charge is typical of the various committees ac-

tively connected with chapter affairs; the same spirit that has made the Chapter Nights a success this year is manifest in every branch of chapter work.

**CHICAGO.**

By Thomas J. Nugent.

IT is always a pleasure to record promotions, and we feel positive that those who read these lines participate in that certain sense of gratification which comes to all of us when our fellows advance to that goal for which we are striving—officialdom. Chicago Chapter has contributed much good material to the advancement of banking in this country, and since the first of the year several new faces, all active chapter men, will adorn the official councils of our banks. George A. Jackson, past-president of our chapter and a well-known Institute man, has been made assistant cashier of the Continental Commercial National Bank. E. A. Schoeneck, well known in Institute circles as a conscientious and energetic worker and throughout the country as a transit expert, has been made assistant cashier of the Corn Exchange National Bank; William Rowe, a past member of Chicago Chapter's executive committee, an earnest and faithful promoter of Institute activities, has been rewarded with an assistant cashiership in the Drovers' Deposit National Bank; Louis Meahl, formerly treasurer of this chapter and for many years interested in practically every line of Institute work, was elected assistant cashier of the National Bank of the Republic; J. H. Ashley, at present editor of the "Bank Man," a debater of note, a hustling, aggressive, constructive genius, was selected cashier of the Hinsdale Trust & Savings Bank, at Hinsdale, Ill.; Walter Johnson, formerly vice-president of Chicago Chapter, a charter member and one whose spare time, energy and intellect have always been at the service of his chapter, was given the official title of manager of the collection department, National Bank of the Republic; A. W. Converse and C. G. Fleager, both chapter men, were made assistant secretary and assistant treasurer respectively of the First Trust & Savings Bank; Edward A. Schroeder, another active worker, assistant cashier of the State Bank. There may possibly be more whose names have not come to our attention, and the thought occurs to us that, inasmuch as glory redounds to the Institute upon each promotion, would it not be wise to formulate some system of recording the names of those promoted in each chapter, the same to be forwarded to the Educational Director, and a report made each year to the national convention?

Educational work continues. The law class took its semi-final examination in the studies already completed and will devote the remainder of the year to Negotiable Instruments. Professor Kline's practical lectures to the Debate Society are a source of much value to the members. Results are surprising and the interest keen. It is really one of the greatest things Chicago Chapter is doing, and those participating are being superabundantly repaid for their time and effort.

On March 11th, Edward E. Gore, vice-president of the Chicago Association of Commerce, spoke on the organization and work of the Association. At first glance this sounds like a dry topic, apparently no more nor less than a report. Mr. Gore, however, is a powerful and entertaining speaker and his description of and comments on the big problems of which the Association is sponsor and in which it assists were unusually interesting. A. Montgomery White sang several beautiful solos and William Geyser performed very creditably at the piano. On March 25th, Ellis Prentice Cole, traveler and lecturer, gave his beautifully illustrated lecture on the Glacier National Park. Charles L. Bluemer rendered some entertaining selections on the piano.

The organization committee of the Forum completed a constitution, which was adopted by the Institute graduates. It is planned to complete all arrangements before the end of this chapter year and

be ready to start Forum studies with the reopening of activities next September.

The Debate Society selected as a team to represent Chicago Chapter against Pittsburgh in the inter-city debate, scheduled for April 26th at the latter city, Messrs. Gorby, Roer and Floren. Only one of these gentlemen has had previous debating experience, but we feel the team has the Chicago spirit and will make our "Smoky City" friends exert themselves to the utmost. The question selected is, "Resolved, That national banks should have the powers of trust companies."

The revision of the chapter constitution will come up soon, a draft of the proposed constitution having already been submitted to the membership. The most important provision contemplates the admission of bank officers to active membership. This step has in view the more active support of bank officials, and especially seeks to keep the interest of the young bank officer, the former Institute man, who otherwise would be impeded in his efforts to promote Chicago Chapter activities.

### CINCINNATI.

By William Beiser.

CHARLES W. DUPUIS, Cashier of the Second National Bank, lectured upon "Monetary Reform" at the meeting of January 28th. In pointing out the defects of the present system, he referred to the fact that there is no co-ordination among the 29,000 banks in the country. Each handles its own problems as it best sees fit, and in the solution of its problems, they have often been pulling away from each other instead of co-operating. Another defect is the rigidity of bank assets. He referred to them as an immovable sordid mass which cannot be utilized under our present system. There is no discount market in this country where bank assets can be re-discounted. When a bank now re-discounts some of its paper, it is looked upon with suspicion. Due to the requirements of maintaining assets in a more or less liquid form under the present defective system, bank funds seek the New York Stock Exchange, the only call loan market in the country. Another defect is the unscientific use of bank reserves. We have in this country the greatest accumulation of reserve funds in the world, but it is a fund which cannot be made use of when required. We have no scientific method for increasing and decreasing the supply of currency, the supply being regulated only by the price of Government Bonds and not by the requirements of trade. When currency was the most needed the volume had contracted, and when less needed it had expanded in volume. He described the functions of a proper bank note issue, and explained how the proper use of it would protect bank reserves. Under a proper bank note issue the fund required for crop moving would not cause a contraction in credits and thus interfere with business. He said that the Aldrich Bill is not dead, for the great principles therein embodied are sound fundamental principles, which have lived and always will live. He predicted that the main features of the above bill will be embodied in any plan for monetary reform. Referring to the proposed Reserve Association, he told of its functions of holding the reserves of the banks of the country, of discounting and re-discounting, of issuing circulating notes, of regulating the gold movement, of being the fiscal agent for the Government, of sustaining the credit of banks under all circumstances and of not allowing a solvent bank to go down.

Mr. Dupuis lectured for over two hours. The very close attention given to him was not only evidence of the instructive manner in which he lectured, but also of the deep interest had in the subject by the members of our chapter.

At the meeting of February 25th, John P. H. Brewster, our Chairman, lectured upon "Money and Banking Prior to the Constitution." He referred to the function of money as being a medium of exchange, and as being something which a creditor

will receive in payment for commodities or services. Much interest was manifested in his statements as to the use of tobacco, which at one time was a legal tender, silver, wheat, peas, beaver skins and wampum as money in this country. In his analysis of these different commodities as money, it was soon ascertained that among the different characteristics of any commodity as money there should be stability, durability and acceptability. Based on these fundamentals it is not difficult to conclude why gold eventually became our standard of value. He made an interesting reference as to the origin of continental currency through the issuance of notes by Massachusetts in order to pay its soldiers at a time when it had no funds. As this was soon found to be a very easy manner in which to provide for notes, it naturally followed that many issues were authorized. In one case an issue was made for the only purpose of handing the note issues to people so that they would have more money. It is not difficult to ascertain as to the application of the term "not worth a continental" when a thing is valueless. Making reference to the banking situation, Mr. Brewster referred to the origin of banking, and told of how the note issues of the States were looked upon as a method of banking. The first evidence of banking in the United States was in 1760, when tobacco was taken to a warehouse and warehouse receipts were issued against it which were used as a form of currency. This currency soon became depreciated through the great increase in the production, and he told of how methods as to restricting the crop were used in order to maintain stability of the currency—and he then told of the banking operations in Massachusetts in the form of the land bank system, and of the fatal error of not providing for proper redemption facilities. It was therefore found that the Real Estate was an inconvertible asset in the time of need.

Dan. J. Lyons, Auditor of the First National Bank, lectured upon the "Organization and Development of National and State Banking." Mr. Lyons also made reference to the origin of banking, and basing his lecture upon the requirements and functions of a Bank, he referred to the development of banking in this country from the Constitution up to the national bank act, and referred in a very interesting manner to the very intricate and complicating situations which arose under the "Wild Cat" Banking System and of the great inconvenience to commerce and trade through the issuance of notes by a great many different institutions. One of the purposes of the National Bank Act was to provide for a uniform currency. It is of course understood that one of the main reasons was to provide a market for the bonds of Uncle Sam. As bankers generally are familiar with the National Bank Act, Mr. Lyons did not go into detail, and paid considerable attention to the activity of the present Comptroller of the Currency in getting Bank Directors to direct. He made a review of the twenty-nine famous questions which were asked of Bank Directors by the Comptroller and paid tribute to their valued and honorable service. His reference to the History of Banking in Ohio was very interesting, as was also his analysis of the Thomas Bill, under which authority the Banks of Ohio are now operating.

As Mr. Lyons' lecture will be printed in a future issue of the BULLETIN, it is not necessary to give further detail here. The lectures of both the above gentlemen showed that they had developed the faculty of study and application as a result of chapter service, and the lectures in consequence were handed in a finished style.

E. A. Sisson, Assistant Secretary of the Central Trust & Safe Deposit Company, delivered a very interesting and comprehensive lecture on "The First Bank of the United States." He told of the important work done by Alexander Hamilton in connection with its organization and of his reasons as to why the Bank would be very advantageous to the American people. He made detailed reference to the capitalization features and how the acceptance of notes for payments of capital stock resulted in some unfavorable developments. Its conservative policy was displayed in the fact that the Bank would only

accept two-name paper running for a period not in excess of 60 days, and that applicants would have to wait two (2) days for a decision of the Finance Committee. It was a valuable regulator of the currency, as through its redemption methods of notes of other Banks, circulation was maintained at par, because provisions had to be made for the redemption of bank notes. He made reference to the able arguments as presented for the continuance of the Bank, and told in detail as to why a renewal of the charter was not granted. In closing, he said:

"Isn't it a shame that the American people had to lose this promising institution—lose it through political ignorance and jealousies. Look at the start it had—20 years of banking experience at the very beginning of our national and commercial life. Imagine its development—step by step with the nation through all these years. Is it not conceivable, that in such an event, we would not now be struggling with our present monetary problems. Does it not rather seem certain that this American Central Bank would have grown into a greater and better bank than any in Europe. That its branches would have spread throughout the nation, no need then to envy Canada her branch bank system, that its gold reserve would have become the mightiest financial engine in the world. That its circulating notes would have given us elastic currency, such as we read about but have never experienced. We would not now be struggling with plans for some kind of working union of a horde of scattered banks. We would not be needing an Aldrich nor a Glass Committee."

A. DeWitt Shockley delivered a finished lecture on the subject of Real Estate. He made very interesting reference to the development of the business, and how it has become necessary to specialize in one or more of its classifications. He told of the necessity for a good knowledge of real estate values and conditions by bankers, and went into detail as to the probable effect of the re-routing of street cars upon real estate values. He handled this discussion in a broad manner—giving negative and affirmative arguments concerning the change.

The chapter is very proud of the very favorable impression made by Mr. Shockley, as he is a graduate from the ranks of bank men. An interesting discussion concerning the above lectures and practical problems which daily arise in banking practice followed the lectures. These discussions as usual proved of much value. It is the policy to give more time to informal discussions of practical bank procedure and questions.

The annual inter-city debate with the Pittsburgh bank men was the most important chapter event of the year—over 300 were in attendance. The subject for debate was—"Resolved, That the Existing Systems of Banks, Trust Companies, Savings Institutions, and Insurance Companies are capable of Properly Financing Agriculture in the United States." This subject was chosen by Mr. Allen, the Educational Director. Those who prepared for the debate found it to be the most interesting and timely topic that could be chosen. Many bankers are giving their best thought to this subject in connection with proposals for changes in the banking system.

T. J. Davis, Vice-President First National Bank and Chairman Executive Council, A. B. A., presided. The Judges were as follows: F. L. Cook, Vice-President Second National Bank, Prof. Benj. Carlton Van Wye, University of Cincinnati; Fred C. Crandall, Chairman Executive Council, A. I. B., Chicago, Ill.; Rev. John W. Langdale, Avondale Methodist Episcopal Church; Griffith P. Griffith, President Citizens' National Bank.

Pittsburgh supported the affirmative, and was ably represented by the following gentlemen: Albert T. Eyer, Union National Bank; John A. Price, Iron and Glass Dollar Savings Bank; George Rankin, Central National Bank, Wilkensburg, Pa.; Donald A. Mullen, Real Estate Savings Bank & Trust Co., and Cincinnati defended the negative, and was represented by the following gentlemen: George Schraffenberger, Jr., German National Bank; William Beiser, Western German Bank; John P. H. Brewster, German National Bank; William Hogan, Fourth National Bank.

The decision was unanimous in favor of Pittsburgh Chapter. The team deserves considerable credit, for they had the more difficult side to support and handled their arguments in a methodic and skilful manner, which was the result of only such preparation which should be used in an inter-city affair. Advocates for a change in the system which will be of greater advantage to the farmer are not to be discouraged as a result of the outcome of this debate, for there are many reasons why the farmer should receive and enjoy better banking facilities.

It pleases us to announce that 36 new members from the Fifth-Third National Bank have been added to our chapter roll. These new members let it be known that they came into the chapter primarily for educational purposes. This is evidence of the proper ambition and motives of the men employed in that institution.

## CLEVELAND.

By P. J. Slach.

THE Memorable Bank Officers' Night was held Tuesday evening, March 11th. A special invitation was sent to all the bank officials of our city and they responded most generously. The litchstring is always within reach of our senior bankers to attend all our meetings. The program was high-grade, in accordance with the occasion.

Hon. Robert J. Bulkeley, representative from the Twenty-first Congressional District and member of the House Committee on Banking and Currency, discussed the "Proposed Legislation on Currency Reform." He also introduced some ideas that may be incorporated in the Financial Reform bill, and incidentally pointed out some defects in the Aldrich bill. E. R. Fancher, Vice-President of the Union National Bank, and John Jaster, Vice-President of the State Banking & Trust Co., joined in the discussion, presenting some important points that are worthy of much consideration. The visit of our Congressman was very much appreciated, and we earnestly hope that he may be with us again at some future occasion.

"The Negotiable Instruments Law relating to Interests and Defenses," was handled by H. D. Messick, attorney of the Citizens' Savings & Trust Co. His lecture was clear, forcible and instructive to all our students. The speaker undoubtedly was imbued with the idea that his lecture was the last of a series of six on the Negotiable Instruments Law, and therefore he made it a most appropriate climax to the entire course.

J. A. Ward, Chairman, Assistant Cashier of the Cleveland National Bank, presented a report of his special committee appointed to look into the advisability of recommending certain changes to the Cleveland Clearing House Association. They presented two resolutions. First, in regard to advancing the clearing hour to ten or ten fifteen and the limit for returning items to be made three o'clock instead of three thirty, on week days. Second, is self-explanatory, and reads as follows: "Whereas, the bankers of Cleveland, realizing that the collection of checks on Ohio is becoming costlier every year, that there are scarcely any par points within the State, that there are over 600 banking points now in Ohio and new ones cropping up daily in the little hamlets hitherto unknown, and appreciating that the country clearing house has proven a success wherever it has been tried, and wishing to be prepared for the great change that is sweeping over the country to minimize collection charges, and desiring to be in readiness for this change in accordance with responsibility attached to a city of our size; Therefore, be it resolved, that the Cleveland Chapter, American Institute of Banking, appoint a committee to call on the president of the Clearing House Association and recommend that a meeting be called and a committee appointed by the Clearing House to investigate and formulate a plan to have a clearing house created in Cleveland for the purpose of clearing Ohio items only." The recommendation of the committee was adopted unanimously,



and the same able committee, reinforced by W. R. Green, Auditor of the Guardian Savings & Trust Co., and C. L. Corcoran, Assistant Cashier of the Central National Bank, was deputized to present these resolutions to F. W. Wardwell, President of the Clearing House Association. This has been done, and the indications are that Resolution No. 1 may be adopted in the near future. Resolution No. 2 is more complicated and will undoubtedly require the co-operation of the clearing houses of Cincinnati, Pittsburgh, Columbus and Dayton. The chapters of these cities will please take notice and their co-operation would be most welcome.

The music was provided by a most delightful orchestra, whose strains were constantly re-echoing through our halls. The leader was W. H. Kinsey, and his fellow artists are, J. L. Wadsworth, L. J. Hajek, F. T. Hofstetter and C. D. Hajek.

The only event to mar the beautiful program was the absence of our George E. Allen, who was scheduled to speak on the "Institute Ideals." After hearing his excuse, the chapter unanimously acquitted him of all liability. It seems that this gentleman was called by duty to deliver an address in one of our manufacturing suburbs. The task was so strenuous and the surroundings so severe that he retired to Saegertown to recuperate, but his hopes were blasted, his efforts vain, and he was compelled to wend his way homeward. A word of caution: Hereafter, Brother Allen, come to this beautiful city first, where you can imbibe pleasure and strength, giving you sufficient endurance to lecture in the outlying sections. Without any reflection upon these fellows, they are noble and generous, but Providence and Nature has not been very kind with them.

In spite of continuous downpour and floods on the evening of March 25th, we had a good attendance.

Francis R. Morrison, Advertising Manager of the Citizens' Savings & Trust Co., gave an address upon "Advertising and Salesmanship." We can easily understand the drawing powers of his advertising matter when we gauge it by his presentation, which was logical, instructive, profitable and spicy.

Charles L. Corcoran, Assistant Cashier of the Central National Bank, discussed "A Customer's Statement as a Basis for Credit in a Bank." His presentation was most practical and betrayed great experience and study of this most important question. He furthermore graciously consented to answer all the questions that were directed at him.

Thomas Champion, head bookkeeper of the First National Bank, was billed to answer all questions pertaining to banking and guarantee a ready answer. He failed to materialize, and no wonder; he undoubtedly considered that discretion was the better part of valor. In justice to Mr. Champion we must state that he is an experienced and competent banker and equal to all human undertakings.

Some News Items.—A Forum Club has been organized under the leadership of H. H. McKee, Cashier of the Garfield Savings Bank Co. H. W. Dirksen, formerly allied with the First National Bank in Omaha, also acting as Cashier in the Prudential Insurance Co. for the last ten years, and a veteran member of the Cleveland Chapter, has been elected to the position of Treasurer of the Lakewood State Banking Co., his predecessor, L. B. Kennedy, acting as Secretary. Guy W. Shanks, a charter member of the Cleveland Chapter and our President during the year 1908, has returned to his old love, the banking profession, and become allied with the Citizens' Savings & Trust Co. R. P. Sears, Chairman of the Membership Committee, reports 429 members on our roster. W. H. Kinsey, Chairman of the Show Committee, is constantly rehearsing his corps of actors and actresses. Music prevails everywhere in club rooms and banks. The entertainment will be given with all the splendor the latter part of April. Everybody invited. The Banquet Committee, composed of C. L. Corcoran, Chairman; Isadore Freiburger, G. W. Shanks, H. H. McKee, W. T. Bissell, R. P. Sears and Clay Herrick, is contemplating a radical departure. Great expectations are being entertained.

Mr. Ellsworth, Chairman of the National Publicity Committee, has sounded the alarm, and already rumors of political activity are prevailing. Nominations on the second Tuesday of May and election on the fourth Tuesday of this month. Every ambitious fellow should get into action.

## DALLAS.

By Frank Ayres.

ON Friday, March 14th, Dallas Chapter was honored with a visit from Byron W. Moser, the National President. Mr. Moser met all the senior bank officers of Dallas in the morning, and was taken for an automobile ride over the city in the afternoon. At 6.30 an informal dinner was given at the Oriental Hotel at which covers were laid for about 25 of the local chapter members. After the dinner short talks were made by S. D. Beckley, J. L. Crosthwaite, Raymond Gee, of Ft. Worth; Mr. Evans, of the Interstate National Bank, Kansas City; A. B. Kendrick, and the guest, Mr. Moser.

Later the entire party repaired to the club rooms of the local chapter where an informal reception was tendered to Mr. Moser, followed by a short program. The club rooms were suitably decorated for the occasion, the walls being draped in national colors and pot plants, roses and carnations being used profusely. The meeting was presided over by our President, S. D. Beckley, and in a few chosen remarks he welcomed Mr. Moser to the city of Dallas. J. L. Crosthwaite entertained several times during the evening with vocal selections. D. L. Lawhon, Auditor of the City National Bank, spoke on "Bank Audits" from the standpoint of a Bank Examiner. His remarks followed closely the items composing the reports to the Comptroller of Currency, and he explained in detail various methods of arriving at a thorough bank audit. Mr. Lawhon was followed by W. M. Massie, President of the A. I. B. Ft. Worth Chapter, who extended an invitation to Mr. Moser to visit Ft. Worth. Mr. Massie reviewed the work of the Ft. Worth Chapter since its organization, and spoke in glowing terms of the work which the chapter was accomplishing in Ft. Worth banking circles, and announced the opening of their handsome new club rooms.

Mr. Moser received a great ovation when he arose to speak, and his first few remarks endeared him to every man present. He touched on the work which the National Organization was doing, and gave the local chapter quite an inspiration when he told us that Dallas had one of the best chapters in the organization, even surpassing some of the chapters which have been organized for years. Mr. Moser urged that Dallas arrange to send one or more delegates to the National Convention in Richmond, and in fact arrange for delegates to go every year. Mr. Moser is a man of magnetic personality and combines a pleasing address with an earnestness that carries conviction.

We feel that we were indeed fortunate in having Mr. Moser with us just at this time, as our annual election of officers is at hand and Dallas Chapter, by her remarkable progress, both in point of numbers and educational work, accomplished during the past year, has reached a crisis, and it is up to the chapter to either go forward or backward. Mr. Moser's visit is calculated to stimulate the already "booming" enthusiasm in the chapter, and we look forward to the New Year as the brightest in our history.

## DENVER.

By Marsdon E. Weston.

PROF. JOHN B. GEIJSBEEK, Dean of the University of Denver School of Commerce, Accounting and Finance, delivered an excellent address at the March meeting on "Bankers and Accounting." Mr. Geijsbeek confined himself to the credit department of banking and thoroughly outlined the

principles which, if followed, enable the banker to accurately determine the intrinsic value and earning power of a business. This, he declared, must be carefully determined and watched if the loans of the bank are kept at a high standard. The chapter has never listened to an address of more practical value.

The Law Course for 1912-1913 has just been brought to a close. The course prescribed by the New York office was followed, and the class was under the direction of Prof. A. H. Wood, of the University of Denver Law School. There were about twenty-five enrolled at the beginning of the year and the final examination was taken by fifteen. Each member enrolled paid a fee of \$5 at the beginning of the term, which is to be refunded to all who have attended three-fourths of the classes and successfully passed the final examination. This plan, which was proposed by Mr. Askling, Chairman of the Educational Committee, has proved quite an incentive, and the educational work for the year just closed has reached a high standard, which has never been attained before.

We have just learned with keen delight of the election of G. A. Askling, of the First National Bank of this city, to the Fellows Class. Mr. Askling has been one of the hardest and most conscientious workers in Denver Chapter, and we are very much pleased with the honor which has come to him.

The annual adding-machine contest will be held April 16th. The Wales machine will be used and the company has offered very attractive cash prizes. The contest has stimulated a very keen interest in most of the banks of the city at this early date.

#### HARTFORD.

By E. R. Barlow.

**W**ATCH this space! A. H. Cooley, Chairman of the 1914 Hartford Convention Committee, will tell you each month why the A. I. B. convention is coming here. Read what he has to say.

We feel very much encouraged over the outlook for bringing the 1914 convention to Hartford. The letters, which were sent out in February, brought a deluge of replies from chapter presidents and others prominent in the Institute, a good number having pledged their support.

We have, also, been pleased to learn how well known our city is, through the big insurance companies and manufacturing concerns. Many of the men have expressed their pleasure at the proposed opportunity to visit Hartford and see the places they have heard of and read about.

We have the city with us, too. The people want the convention to come here, and have made their desire clear by offering to assist in giving the delegates one long good time. The manufacturers have offered to throw open their factories and show how they do things, and they have offered other things, of which more will be said later. The open-door policy prevails here, when the 1914 convention is considered.

It has just been announced that a new fourteen-story hotel will be completed before the time of the gathering. One more thing in our favor.

Will you come? We are confident that you will, and we shall do everything possible to make the visit one for you to remember. It's up to you whether or not you enjoy the 1914 convention. If you vote for Hartford, remember, you get it—the good time, and we get it—the convention and the pleasure of entertaining you. DO WE WIN? WHAT DO YOU SAY?

March 7th, the Board of Governors sat down to dinner with the Board of Consuls at Harry Bond's to listen to reports from the different committees which were appointed at our last joint meeting. We have found, by the way, that there is nothing like giving men a good "feed" to get them to turn out to meetings. As usual, we were furnished an excellent menu, but, what pleased us more, was the more than excellent results our committees have accomplished.

First, comes the membership committee. As stated last month, Calvin C. Bolles, of the State Bank, and Clarence T. Hubbard, of the Security Co., were appointed leaders of two sides known, respectively, as the "Reds" and "Blues," to canvass the financial institutions for new members. The "Blues" won. That is Hubbard's side, and it brought in thirty-five new members, while the "Reds" added twenty-eight more names to our membership roll, making a total enrolment of two hundred and thirty-five names for our chapter. While we are not as large, in numbers, as some chapters, we are active, every last man of us. In order to keep a line on "prospects," we appointed a membership committee consisting of C. T. Hubbard, Chairman; C. C. Bolles and Wm. J. Montgomery, and they request that the names of any new "prospects" be sent to them. Watch us grow!

The convention committee reported favorable replies, from chapter men throughout the country, to letters sent them regarding Hartford as the place for the 1914 convention. They also requested that as many men as possible plan their vacations, this year, so as to take in the convention in Richmond.

The bowling committee reported that all scheduled games had been played, to date, and that big crowds were turning out to watch the teams at work. Some close and exciting games are being played, one pin, very often, deciding the game.

The press committee, consisting of E. R. Barlow, S. R. Osborne and D. S. Phelps, Jr., which was also appointed at this meeting, is going to keep the news of the chapter in the local newspapers and in those magazines which have an Institute department. This committee wishes to have Consuls report events of interest, in their institutions, in order that the men may have due recognition.

Right here let me announce the promotion to the office of Assistant Cashier of one of our chapter's most earnest students, F. E. Fisher, of the Connecticut River Banking Company. He has been a member of some one of our classes for several years, and the knowledge gained in them will, no doubt, be of great benefit to him in discharging his new duties. The chapter extends to him sincere congratulations.

March 18th was chapter night. About one hundred members gathered in the chapter rooms for an evening of instruction and pleasure. They got both. Ask them if it wasn't worth while. The first event on the program was a very unique combination of the two. Walter Allen, of T. L. Watson & Co., of Bridgeport, and Wilbur F. Sherwood, of the Connecticut Trust Co. of this city, engaged in a contest for the adding-machine championship of Connecticut. Mr. Sherwood holds the record, in Hartford, for both 100 and 200 check lists on an electric machine, and Mr. Allen does in Bridgeport. As Mr. Allen had made better time in contests in which he was entered than Mr. Sherwood, and both were faster than any other man in the State, it was thought fair to have them fight it out for the title. Mr. Allen proved to be the faster man, listing 100 checks in one minute seventeen and three-fifths seconds and 200 checks in two minutes forty and four-fifths seconds, while Sherwood listed the same in one minute and twenty-six seconds and two minutes and fifty seconds respectively. This lowers the State record by nearly ten seconds on the one list and twenty seconds on the other. We hope that Sherwood will "come back" and bring the title to Hartford, where it belongs. The timers were Messrs. A. H. Cooley, A. G. Brainard and L. H. Sipe.

I can't quite make out whether or not our next man educated us, but he surely entertained us. C. T. Hubbard, of the Security Co., "put a few over on us" in the way of black art and left us so bewildered that we don't dare believe one half what we see. One thing that he showed us, which we all knew for a fact and which was done in such a mystical manner that it must be so, was a clock which, when asked, told us that the 1914 convention of the A. I. B. was going to be in Hartford. Some clock!

Our next entertainer was a man who is well known throughout the Institute, George E. Allen, who gave us a thoroughly interesting talk on "Misfit Finance." He held the close attention of every man present while telling us some of the weak spots in present-day financial legislation. He also brought home to each one the need of becoming affiliated with some class in the chapter for studying his chosen profession. Think over that sentence and see if it doesn't apply to you.

After extending a vote of thanks to the men who had so ably made our evening well worth while, we gathered around the piano, which was "ticked" by "Babe" Luscombe, of the Hartford National Bank, and a Grafonola, loaned us by the Columbia people, and sang a few songs between mouthfuls of ice cream and cake.

The annual banquet is to be held at the Allyn House on the evening of April 22d. Arrange your dates accordingly. The committee wishes it understood that while those having a dress suit should make use of it, those who have not, don't need to think that that is any excuse for staying away. We want you whatever you wear, providing you don't pick your costume from the "Awful" number of life.

We want some more new faces in our Law class. My last article brought out a few, but there is lots of room for more. Wake up! That opportunity is slipping from your grasp! Dame Fortune knocks and you are keeping the door closed! Some day you'll be looking for sympathy because you waited for the second knock and found that it was Mis(s) Fortune at the door. We haven't half finished the law course, as we are extending it through two years. Come in now, or you may be too late. We have just finished "Bailments" and are opening on a new subject. Do you think you know all about negotiable instruments? We will be studying them soon and then you can see what you don't know. Again, I say, "ask your Consul when the next class meeting is to be held." He is the live wire in your bank, so keep in touch with him.

#### MILWAUKEE.

By J. G. Swift.

**T**HE Chapter Forum continues to meet regularly with a full attendance.

The class in Banking and Finance has now begun this year's work under the direction of Dr. William A. Scott, head of the School of Commerce of the University of Wisconsin. The first two sessions of this class show a record-breaking enrolment.

Arrangements have been made to hold a chapter dance on the evening of April 9th.

Up to the present there are no signs of lagging or of "spring fever" in the ranks, and we look forward to a busy two months before the close of the active season.

On the night of March 25th Congressman William H. Stafford delivered his lecture upon "The Panama Canal." Mr. Stafford has made two trips to the canal as a member of the House committee in charge. With the accurate information obtained upon his visits, supplemented by stereopticon slides, he was able to give us a clear and interesting description of the work which has been done upon the "Big Ditch."

We are looking forward to a treat in the near future when we are to be addressed by Dr. Paul S. Reinsch, of the University of Wisconsin. Dr. Reinsch has lately returned from the University of Berlin, where he has been lecturing as an exchange professor from this country. He will speak to the chapter upon "The International Banking Situation."

#### NEW ORLEANS.

By W. W. Sutcliffe, Jr.

**T**HE 1912-13 session of the New Orleans Chapter is fast drawing to a close. At our next regular monthly meeting the nomination of officers for next year will be made.

One can hardly think it possible that already three months of the new year have passed, and have you ever stopped to look back over the past session to see what you have accomplished or to see the result of your work. There are, I dare say, a great many who will regret that they did not take

advantage of the excellent opportunities offered by the Institute this year.

We are very much enthused over the number of clerks taking the courses this year. A class generally opens with a great many enthusiastic members, but as the year advances the number decreases, and none but the very earnest workers are left. However, it is most gratifying to us this year to see the large number of members present at every lecture. The bank clerk of to-day is beginning to realize that a great deal is expected of him, and it is to his own personal interest to equip himself in order that he may take advantage of the opportunities incidental to his employment.

The New Orleans bank clerks have organized a "Bankers' B. B. League." I. L. Bourgeois, of the Hibernia Bank & Trust Co., is president; Frank Moise, of the Whitney-Central National Bank, Secretary, and Mr. Lewis, of the Commercial Germania Trust, is Treasurer. We have five banks in the league, and from reports in circulation each team is claiming the pennant. Harry Howard, local representative of the Burroughs Adding Machine Company, has offered a beautiful silver loving cup to the winning team.

#### NEW YORK.

By Harold S. Schultz.

**T**HE midwinter season of New York Chapter's progress this year is nearly at an end. In every direction we have gained friends, and in every department of our work we have increased our efficiency and strengthened our position as one of the foremost educational institutions of the city. These are strong words, but a brief glance over our membership roll and attendance file, together with a perusal of our extensive curriculum, will suffice to prove them without much doubt.

In spite of the fact that a number of men are beginning to experience the first pangs of spring fever, and consequently are thinking of more congenial environment than the study hall, as is always the case at this time of the year, our membership roll numbers 2,017, which is an increase of 165 over that of the number last March. While we were congratulating ourselves last year with an average attendance of about sixty men, our lecturers this year, right up to the present time, are meeting audiences of about 200.

The Credit Course, which is under the direction of Charles E. Meek, of the Fourth National Bank, is a decided success, and has helped materially to encourage the young men of our banks to join with us.

Our Chapter Night entertainers have been of the very best that could be procured. Fortunately the entertainers have been for the most part volunteers from our own ranks. We are proud to have such an excellent pianist as Mr. Bleilevens with us.

Perhaps the strongest evidence of success in any enterprise is the financial stability which it is able to reach within a stated period. Last summer a number of banking institutions that were interested in the work of our organization agreed among themselves that each of them would subscribe to an amount which should be used together with the income from dues to carry on the lectures and business of the chapter. We deeply appreciate co-operation of this kind, and at the same time our object has been to show our gratitude by trying our best to get along without it, for we believe that if we can prove that we are standing on our own feet our kind friends will realize more than ever that we are sincere when we tell them that our work is of a high and practical value. Without raising our dues, but through a careful and systematic use of the funds at our command, we have nearly completed the year without touching a cent of this fund. These are perhaps the proudest words that a New York Chapter man can utter, for it means that for the first time since our work has been enlarged New York Chap-

ter is absolutely independent. We do not claim that we can do all the things that we hope to do in the future without assistance, but the fact remains that we have this year proven ourselves so popular with the younger generation of bank men that they are willing to pay not only for themselves, but for those who may come after them, that the added impetus to ambition may not be lost to any who might desire to increase their efficiency through association with us.

In a previous Chaptergram we announced that a Maintenance Committee has been appointed to collect funds against "a rainy day." We are told that nearly seven hundred dollars has been deposited for that purpose by Mr. Minor, the Chairman of this Committee. Were there room at this time to give the names of those who have so kindly assisted us we would be only too glad to do so. In our own publication "Chapter Notes" may be found a complete list of those generous-hearted men with the amounts given by each set opposite their names.

Another feature of our activity which should interest Institute men from all parts of the country is the fact that we are making ready to send a large delegation of members to our convention at Richmond this year. The chairman of the committee appointed to care for this occasion is C. C. Seifert, of the Fourth National Bank. New York Chapter intends to show that it is really the largest chapter of the Institute, and that it appreciates the great opportunity that is offered to it by the Institute at large.

One event which must not be forgotten in the press of other matters is the Annual Chapter Dance which will be held this year on the evening of April 12th at the Hotel Majestic. A number of tickets have been sold, and it looks as though the affair will be more popular than ever before. Any member who has not yet applied is urged to send his name at once. We cordially invite members of other chapters who may chance to be in the city at that time to partake of the pleasure of this evening, and assure them that they will enjoy themselves to the utmost.

The subject now uppermost in the minds of those who have had to do with New York Chapter during the past year is the selection of new men to fill the offices for the coming year. It is no easy task when one contemplates the size to which New York Chapter has grown in the past two or three seasons. There are so many who have been faithful and diligent in helping to build up the work and to promote the general interests of the organization who most certainly deserve posts of honor. The nominating committees which were appointed at the February meeting of the Board of Governors have been diligently seeking to fulfill all demands which this responsibility calls for. They have considered with care each man suggested to them, and it is with pride that we publish at this time the names selected.

For President, A. W. Hudson, Empire Trust Co.; for Vice-President, O. Howard Wolfe, American Bankers Association; for second Vice-President, F. C. Riggs, National Newark Banking Co.; for secretary, H. S. Schultz; for treasurer, H. M. Baldwin, Title Guarantee & Trust Co.; for Chief Consul, J. B. Birmingham, Citizens' Central National Bank; for Secretary to Board of Consuls, George F. Kelble, National Nassau Bank; for Librarian, A. R. T. Young, Union Square Savings Bank.

Candidates for Board of Governors for term ending 1916:

Henry Billman, North Side Bank of Brooklyn; J. A. Broderick, State Banking Department; Raymond B. Cox, Fourth National Bank; F. W. Ellsworth, Guaranty Trust Co.; W. M. Hyne, Equitable Trust Co.; H. H. Irish, National Park Bank; W. H. Milliken, Market & Fulton National Bank; J. A. Seaborg, Bankers' Trust Co.; H. S. Stubing, Lincoln National Bank; O. Howard Wolfe, American Bankers Association.

At the March meeting of the Board of Governors the committee appointed for the purpose nominated

B. P. Gooden, New Netherland Bank, for membership on the Board of Governors to fill the vacancy caused by the resignation of M. F. Bauer, of the American Exchange National Bank. They also nominated C. J. Fetterer, Bank of Metropolis, for membership on the board to fill the vacancy caused by the resignation of W. C. Hutton, formerly with New York Produce Exchange Bank. Both Mr. Gooden and Mr. Fetterer have been earnest workers for chapter interests for a long time, and we feel great pride in announcing them members of our governing board. Mr. Bauer as past president will still retain an active position on that board, which is gratifying to us all. Mr. Hutton has accepted a position in New Haven, Conn., and is unable to take an active interest in the work. He will, however, continue as a member of New York Chapter. The election of the candidates above named will take place at the regular April meeting of the board.

It is with regret and deep-felt sorrow that we announce at this time the death of W. F. Burns, who was cashier of the Williamsburgh Savings Bank. Mr. Burns has long been an active member, and his loss is keenly felt by those who knew him. His position at the bank has been filled by another of our active members, C. J. Pasfield. V. A. Lersner has been advanced to first assistant cashier and Mr. Kinsey is second assistant cashier.

A number of our prominent members were guests of the Philadelphia Chapter at their annual banquet held recently. The report from them is that the dinner was excellent, the speeches were of the best and that taken as a whole the affair was a grand success. President McWilliam said that it was the finest banquet that he ever attended. Our president will speak at the banquet of the New Jersey State Bankers' Association to be held at Atlantic City on May 2d.

## OAKLAND.

By S. C. Scott.

ON Thursday evening, March 20th, Prof. Henry Morse Stephens, of the University of California, addressed the chapter, his subject, "Financing a Revolution," dealt principally with the French Revolution, and was delivered in the professor's usual pleasing manner, which the members of Oakland Chapter have always found highly entertaining as well as educational. Prof. Stephens pointed out the importance of the study of history as absolutely necessary to the proper understanding of the present, and further, that the study of economic history was of far more importance and value than political history.

Prior to the lecture the chapter held a short business session, at which President Caldwell announced the date set by the Board of Governors for the Annual Nomination Meeting, April 17th.

Already the glad hand is abroad on the street, and a fierce contest must be expected. This is a good sign, and is as it should be. It is hoped that there will be many candidates for each office. Candidates for delegates to the National Convention are to be nominated at this time, and although attendance at the Richmond Convention means a round trip of between six and seven thousand miles, Oakland will be there to deliver some of California's sunshine and flowers.

## PHILADELPHIA.

By C. H. Chaffee.

WITH more than 700 present, of whom about 500 were members of Philadelphia Chapter, the twelfth annual banquet, which was held in the grand ballroom of the Bellevue-Stratford on Saturday evening, March 15th, will go down in history as the most successful the Chapter has ever held. Capacious as is the great dining hall of the Bellevue-Stratford, it was taxed to the utmost, when alcoves and offsets, aisle space and the areas behind pillars were utilized for tables. Guests from a dozen cities were in-

cluded among the diners, while at the main table were men prominent in the banking affairs of Philadelphia, New York and Boston. The banquet hall was decorated with American flags and bunting, festooned around the galleries and gathered with rosettes of national shields and colors. Over the heads of the speakers were also the city and State flags, while above the banners the scene was enlivened by the colorful gowns of many wives and friends of the diners. Every box in that part of the gallery facing the speakers' table was filled with women. Owing to the large number of guests, it was necessary to depart from the customary method of seating the diners and placing the long speakers' table lengthwise along the west side of the room.

William A. Nickert, of the Eighth National Bank, president of Philadelphia Chapter, opened the formal part of the proceedings with appropriate reference to the successful work of the Institute in general and Philadelphia Chapter in particular. Mr. Nickert spoke as follows:

I desire to take this opportunity, on behalf of Philadelphia Chapter to extend a very hearty welcome to our guests, members of Philadelphia Chapter and their guests. In view of the fact, that there are with us this evening, a number of visitors from other cities and possibly some bank men who are not members of the Institute, I have thought that a brief reference to the aims of the Institute and the position occupied therein by Philadelphia Chapter would not be without interest.

Up until about a dozen years ago the facilities for studying banking by bank employees were very limited. Outside of the colleges in large cities, where courses in Economics and Banking were to be had, bank men generally had to depend upon the experience gained in their respective banks, supplemented by the reading of such books as were available in libraries. This was a narrow and unsatisfactory education.

The need for some method whereby men could get together to take up a systematic course of study had long been felt, and along about 1900, through the efforts of a few progressive members of the American Bankers Association the American Institute of Banking was organized.

The object, therefore, of the Institute is banking education. This is accomplished by offering a course of study in Banking and Law. Students passing the final examination are entitled to receive a certificate of merit from the American Bankers Association and are known as Institute Graduates. This year a Post Graduate Course has been added for advanced students.

If we bridge over the period between 1900 and the present we find an organization of some 14,000 men, with chapters in 67 cities, including one each in Hawaii and Cuba and a Correspondence Chapter of about 500 members.

Up to date 539 men have been awarded certificates, of which number Philadelphia Chapter is credited with 69, or nearly 13 per cent of the total, with more in prospect by the end of the season.

Now just a word about Philadelphia Chapter: In the history of Philadelphia Chapter each year has been its best year, and the present one promises to be no exception to this rule. We have this year inaugurated some new movements and some former high records have been passed.

At the beginning of the season a "Consulate" was organized, providing the members in each institution with a personal representative, whose duty it is to look after the interests of his associates and keep members and non-members informed of the various activities of the Chapter.

It was early recognized that this body would be a potent factor in securing new members. Accordingly, a campaign was begun last fall, and the results speak for itself—232 new members, making a total of 706 a new record.

For the first time we are conducting three distinct educational classes—one, in "Banking & Finance," a "Post Graduate Forum" and an advanced class in the "Law of Negotiable Instruments." The total enrollment in these three classes is about 175 men, another new record. Our debate section is flourishing and recently won two debates in one evening, one team taking the affirmative side at home and the other the negative side of the same question in Washington.

But to my mind, one of the most important things accomplished is the securing of permanent quarters for the Chapter. We have made a very modest beginning, it is true, and we look upon it very much as an experiment.

Happily all this has been accomplished, not by the work of one man, or a set of men, but by the combined efforts of the various committees and the co-operation of the members of the Chapter, and I take very great

pleasure in publicly paying them this tribute. As a famous sea-fighter once said, "It is the men behind the guns who do the work" and "There is glory enough for all."

In this connection also, I would not forget the very cordial support given to us by the Banks of Philadelphia and vicinity. We trust that our future course will be such as to merit a continuance of their favor.

I desire to take this opportunity to say that the success of this very enjoyable celebration is due to the very able efforts and hard work of our good friend Eugene J. Morris, Chairman of the Banquet Committee.

Now, what of the future? Shall we be content with our accomplishments so far, or, shall we press forward to greater things? The answer rests with the members of Philadelphia Chapter. There are, I believe, in Philadelphia, at least 2,000 men who should be taking advantage of the opportunities offered by the Philadelphia Chapter. Our present membership, as I have said, is over 700. It ought to be 2,000. It will be 2,000 if you will all work together with that end in view. Will you do it?

I am sure you will all agree with me that the Committee in selecting a Toastmaster for this occasion has made a happy choice. The gentleman who is to act in that capacity is a prominent member of the Philadelphia Bar, and a very good friend of Philadelphia Chapter. I take great pleasure, therefore, in presenting Roland S. Morris, Esq., Toastmaster.

Mr. Morris as Toastmaster combined the good qualities of wit and brevity. The Chapter was fortunate in being honored with the presence of Mayor Blankenburg, who was obliged to divide himself among three banquets during the evening. Mr. Morris presented the Mayor without the presumption of a formal introduction.

Mayor Blankenburg began by jokingly asking the ladies in the boxes how they enjoyed the dinner. Then he remarked that when he attended the next annual banquet of the Chapter he hoped to see the ladies dining with the men, saying that he believed they would enjoy that even more than "watching the animals eat." The city's executive asked that the Institute send a delegation of its members to Harrisburg when the city plans to make an invasion of the State Capital for the passage of desired legislation. The Mayor commended the work the Institute is doing and wished the members success in their future work.

The next speaker was the Hon. Cornelius A. Pugsley, president of the New York State Bankers' Association. His subject was "Optimism in the Republic's Development" and his address was replete with witty sayings and serious reference to the great economic problems which we are facing at the present. Mr. Pugsley spoke as follows:

It is always a pleasure to speak to men whose very profession or business must of necessity lead them to think upon the great social, economic and governmental problems of the day and of the time. I believe the American Institute of Banking is an optimistic body of men, as optimism is a potent factor both in the individual and national life, but possibly not so optimistic as the old colored preacher, who prayed he might have the power to define the indefinable, to depict the indecipherable and to unscrew the inscrutable, but optimistic because they believe that as we solved the weighty problems of the past, so will we solve those of the future.

As I look upon this beautiful scene above us, I might paraphrase the words of the psalmist and say: "I will lift up my eyes unto the galleries, whence cometh my help." I want to say I believe that one of the mightiest factors and forces in the upbuilding, the progress and the development of the Republic has been American womanhood. With man she entered the unexplored, undeveloped wilderness; she accompanied him over its trackless plains; she endured with him all the hardships and privations of frontier life; it was here in your city of Brotherly Love that her hands fashioned the country's flag, and in all the history of the nation her supreme devotion has guided the destinies of the Republic, a Republic most fittingly personified in the beautiful, womanly figure of Columbia.

I do not believe the Republic or the world has yet begun to grasp the magnitude of the debt due to womanhood. It is woman who fashions governments and alters civilization. With whisper and caress she organizes parliaments, congresses, revolutions, epochs, and possible progressive policies. It is she whose tender ministry by the cradle and wherever she wills to exert her gentle influence, which makes for the betterment of individuals and of nations. And when we wish to give form or expression to charity, to justice, to liberty, to peace, or to any of the finer, loftier, more spiritual ideals, sentiments or aspirations of the human heart, we mold and

shape them in the form and semblance of beautiful womanhood.

The discovery of a New World by Columbus meant something more than the opening of a great continent to civilization, to commerce and a development of its resources. It meant that here upon virgin soil, out of the commingled blood of the best nations of the earth, should spring a new race of men who would set at naught the conditions and theories of the time, and through free institutions, personal liberty and freedom from the restrictions of caste, march onward to place this Republic in the van of the great procession of the nations. It meant the coming of the great, masterful American, so beautifully pictured by one of the great orators of this country, when he said: "He will have the strong brain of the German; the polished manner of the French; the artistic taste of the Italian; the staunch heart of the English; the steadfast piety of the Scotch; the lightning wit of the Irish—and when he steps forth, bone, nerve, muscle, brain, entwined with the fibers of all nationalities, then shall the nations of the world break forth with the cry: 'Behold, the American!'" It meant that out of the love of liberty and freedom that burned in the hearts of those hardy men and women, who fleeing oppression in the Old World settled upon these shores, there would be developed a government of high ideals, of lofty and noble purposes, a government whose power was to be derived from the people, vested in the people and answerable to the people; a government fostering and developing human effort and energy as no other government on the face of the earth. It meant the evolving here in your historic city, of the Declaration of Independence and the Constitution of the United States, so marvelous in their scholarly simplicity, so sublime in their high ideals, so beautiful in their faith in the ability and power of free men to govern themselves.

No other nation had a birth like ours. There was no first lisp, but the nation spoke in the Declaration of Independence and in the Constitution, the foundation stones upon which we have builded our mighty Republic, a Republic "in which" as our new Secretary of State recently said, "every citizen is a sovereign, but in which no one cares, or dares, to wear a crown."

I love to think that no nation's name to-day means so much and is so cherished in love and hope by the common people of all lands as our own Republic. This Republic has always been a beacon light guiding the nations to liberty and a higher destiny. Even the old empire of China is crumbling, and to-day a republic is to be found within her borders. But with all the glory of our past, with all that the Republic stands for to-day among all peoples, I believe that we are facing an important crisis in our national life. As one has said: "The people are on the march again. They may not know exactly whither, but they are on their way, hopefully, and, it may be added, resistlessly."

I believe that if progressiveness means the uplift and betterment of our national life, then we are all progressives; but I am very sure that we are not yet ready to cast away the old safeguards of the Constitution given us by the fathers, or to dump the old governmental machinery of the United States upon the scrap heap. Macaulay said of the British Constitution "Although the changes have been great, there has never been an instant of time when the major portion of it was not old."

The questions of the initiative and referendum, the recall of judges and judicial decisions and numerous other present-day problems making radical changes in our system of government demand, I believe, the earnest, careful, consideration of thoughtful men. I believe, however, it is a time to be optimistic rather than pessimistic, a time to be hopeful rather than cynical, for a cynic is said to be one who has had a hemorrhage of the emotions and whose views are filled with water. It is not a time for hysteria, for throwing the hat into the air or into the ring. Neither is it a time for a slumbering indifference. We cannot say to an enlightened American citizenship what Brutus said to the sleeping boy Lucius:

"It is no matter  
Enjoy the honey dew of slumber,  
Thou hast no figures or fantasies  
Which busy care draws in the brains of men,  
Therefore, thou sleepest so sound."

I believe as never before in our history, the intelligent world is turning its gaze upon the United States, where great economic problems are being solved, where the principle of self-government is being tested and worked out, to see what our course shall be during the next few years along all lines. I am not one of those who believe that this Republic is going to disaster or decay because of radical or progressive movements, because of the agitation for decency and honor, in our political and commercial life, or because of the results of Pujo or other investigating committees.

I want to say just here, that I believe that in all the varied channels of human activity and endeavor, no

higher type of man in his integrity, in his devotion to the public weal or in his grasp of conditions is to be found than in the banking institutions of this country. When we consider the amount of money or treasure committed to their keeping, and how few are faithless to their trust, we have every reason to be proud of the banking fraternity. The success of every legitimate interest of industry means the success of the banker, and he naturally seeks to conserve those mighty constructive forces which play so important a part in the upbuilding and the progress of communities, state and nation.

When we take a broad view of the conditions in this country, we have every reason to be optimistic. More than ninety millions of people are enjoying greater blessings, greater benefits, greater happiness, greater prosperity than any other people on the face of the globe. A magnificent era, it seems to me, an era of conscience, of high ideals, is developing, is at hand, and we, as bankers, may rejoice that it demands the same standards of honor and integrity of corporations and combinations of capital as is demanded of the individuals who compose them. Individual, corporate, or national prosperity that rests upon trickery, dishonesty or wrongdoing is not the kind of prosperity that a true citizenship seeks.

I believe that men in all walks, in all conditions of life are thinking upon these great economic and governmental problems, and when men and women think soberly and intelligently, the Republic is secure. Pascal, that eloquent master of sentences, said: "Man is the feeblest branch of the universe, but he is the branch which thinks." Brain power gives a crown where fortune has denied it. Brain power invests manhood with royalty. I love to recall an American boy, who plowing alone or splitting rails, in the loneliness of his occupation, revolved in his mind the contents of the few books he had read, and became a thinker. A wonderful vista of possibilities opened before him. The flame of ambition was fired. The furrow was plowed straighter, the rail was split with a greater energy, and behold a Lincoln, who stood for liberty as Washington stood for independence, whose teachers were his mother's Bible, the lonely prairie, the silent forest, the swift moving river and the voiceless stars. Well one has said: "Give me the hut that is small enough, the poverty that is deep enough, and a love that is great enough, and out of them I will raise the best there is in human character."

I believe that if our nation is to take the lead in the march of human progress, in the onward sweep of civilization along the higher planes of humanity, our boasted liberty must not degenerate into license. We must stand for righteousness, for those ideals of government which have made and will continue to make this Republic the haven of the oppressed of all lands. We must know: "When we take occasion by the hand. And make the bounds of freedom wider yet."

The next speaker was Hon. George D. Porter, Director of the Department of Public Safety, who said he didn't quite see the connection between bankers and the police department unless it was that in New York it was found that many of the police were discovered to be bankers. "However," said the Director, "I do not believe that the police forces of our cities are as bad as they are so frequently painted. What we need most to-day is to change the attitude of the public toward the policeman and of the policeman toward the public. The trouble with us Americans, I suppose, is that we are inclined to be a bit too hysterical, and if we find one policeman who is bad, we exclaim that the whole force is 'bad.' The result is that the men get the idea that they are held in scorn and we have an inefficient police force in consequence."

A definition of the true socialism was given by the Rev. W. A. Freemantle, rector of St. Luke's Episcopal Church, who declared it was the application of the principles of the ethics of the great Galilean Teacher to the social structure. The subject of Rev. Dr. Freemantle's address was "Some Modern Tendencies." He began by pointing out that the man who wishes to live wisely and make the most of the opportunities that present themselves to hand, is the one who watches and endeavors to gauge the struggle between one set of tendencies and then another.

"There is going on at the present time," he said, "a marked struggle between the philosophy of life teaching men to use all they can acquire for their own purpose, and a philosophy which teaches that which a man produces, minus what he consumes, must be reinvested for the benefit of his day and generation. This is known as the 'work-bench' philosophy of life. This struggle has but one issue. The 'work-bench' philosophy makes man fit, and the universe we know is run upon the basis of the survival of the fittest."

"There is in the present day a strongly marked tendency toward Socialism. By Socialism I do not mean of necessity the political creed that passes by that name. Rather the fact that the individualistic part of life has given place to the socialistic. To profit by this tendency it is necessary to Christianize the social order. By that I do not mean baptize society and see that it goes to church, but apply the principles of the ethics of the great Galilean Teacher to our own social structure. This has already been done in the case of the family, the school, the church, and in a measure politics, but the tide has unfortunately not set very strongly.

"In the direction of business it is often said that competition is the soul of business, but you know the soul of business is co-operation, which is the only attitude that the business world can assume and maintain if it wishes to assist in the bringing of a realism of the universal brotherhood of man.

"A third tendency that is noticeable might be called the tendency to prevention. This is illustrated most cogently in the modern science of hygiene. While all remedial agencies ought to be welcome, preventive agencies, if properly and thoroughly applied, will render remedial agencies largely unnecessary.

"There are certain plague spots in our modern civilization that long since ought to have been rendered impossible. The fact that any child beneath the Stars and Stripes should be poorly born or that any man should be permitted to take his pay envelope to a saloon to his own undoing on his way home—these things should be as strenuously prevented as an outbreak of smallpox or an epidemic of typhus."

Among Philadelphians present were: Mayor Rudolph Blankenburg, Hon. George D. Porter, Dr. S. S. Huebner and Dr. J. C. McCracken, of the University of Pennsylvania; Dr. W. E. Kemmerer, of Princeton University; A. A. Jackson, Vice-President Girard Trust Co.; William A. Law, Vice-President First National National Bank; Charles S. Calwell, President Corn Exchange National Bank; B. M. Faries, Vice-President Fourth Street National Bank; E. P. Passmore, Vice-President Franklin National Bank; Asa S. Wing, President Provident Life & Trust Co.; James Crosby Brown, of Brown Brothers & Co.; Jay Gates, Vice-President Pennsylvania Co.; Edward H. Preston, President Manayunk National Bank; William T. Elliott, President Central National Bank; Levi L. Rue, President Philadelphia National Bank; Thomas S. Gates, President Philadelphia Trust Co.; Ira W. Barnes, President Ninth National Bank; William J. Montgomery, President Eighth National Bank; Joseph Wayne, Jr., Vice-President Girard National Bank, and E. J. Cattell.

Among the bankers from out of town who were present were the following: From New York—E. V. Davenport, Vice-President Fourth National Bank; James McAllister, Assistant Cashier Citizens' Central National Bank; S. E. Albeck, Assistant Cashier National City Bank; J. B. Birmingham, Citizens' Central National Bank; A. D. Cambell, Assistant Cashier Hanover National Bank; J. H. Chase, Vice-President Farmers' Loan & Trust Co.; Rollin P. Grant, President Irving National Bank; George C. Haigh, Assistant Cashier American Exchange National Bank; A. P. Lee, Assistant Cashier American Exchange National Bank; E. A. Lee, Assistant Cashier Chase National Bank; W. A. Main, Assistant Cashier National Park Bank; H. H. Powell, Vice-President Importers' & Traders' National Bank; W. E. Purdy, Assistant Cashier Chase National Bank; S. E. Ward, Cashier National Bank of Commerce; B. L. Haskins, Cashier Chatham & Phenix National Bank; Charles E. Meek, Vice-President Fourth National Bank; Fred E. Ellsworth, Guaranty Trust Co.; Fred E. Farnsworth, General Secretary American Bankers Association; O. Howard Wolfe, Secretary Clearing House Section, American Bankers Association; George E. Allen, Educational Director of the Institute; W. O. Jones, Vice-President National Park Bank; W. M. Rosendale, Assistant Cashier Market & Fulton National Bank; E. G. McWilliams, President New York Chapter; F. O. Foxcroft, Assistant Cashier National Park Bank; Lucas Williams, Irving National Bank; W. B. Ward,

Jr., National Nassau Bank; Louis F. Sailer, National Park Bank; J. Franklin Bouker, Assistant Cashier Irving National Bank; John Williams, Treasurer Broadway Trust Co.; Alfred M. Barrett, President Guardian Trust Co.; N. P. Gatling, Assistant Cashier Chatham & Phenix National Bank; Newton D. Ailing, Vice-President National Nassau Bank. From Boston—Herbert E. Stone, Second National Bank; N. I. Adams, National Shawmut Bank; C. H. Marston, National Shawmut Bank; R. H. Bean, President Boston Chapter. From Pittsburgh—G. A. Stephenson, Assistant Cashier Second National Bank; C. D. Richardson, Assistant Cashier Commercial National Bank; J. P. McKelvey, Assistant Cashier Exchange National Bank; Charles F. Werner, Assistant Cashier Duquesne National Bank. From Baltimore—James D. Garrett, Assistant Treasurer Central Savings Bank; Robert S. Mooney, Vice-President Equitable Mortgage & Trust Co.; William S. Hammond, Cashier First National Bank; A. D. Graham, Vice-President Citizens' National Bank; L. W. Jenkins, President Baltimore Chapter, American Institute of Banking. From Washington, D. C.—H. V. Haynes, Riggs National Bank; E. S. Wolfe, Cashier District National Bank; Avon M. Nevins, Riggs National Bank. Other out-of-town guests were—Hugh A. Arnold, Vice-President First National Bank, Albany, N. Y.; Carroll Pierce, Vice-President Citizens' National Bank, Alexandria, Va.; W. E. Ward, Cashier Union National Bank, Cleveland, Ohio; W. F. Augustine, Assistant Cashier Merchants' National Bank, Richmond, Va.; Joseph A. Campbell, President Delaware County Trust & Safe Deposit Co., Chester, Pa.; Julien H. Hill, Cashier National State & City Bank, Richmond, Va.; Hon. J. G. Gray, President Delaware Corporation Co., Wilmington, Del.; G. B. Wilkinson, President Albany Chapter, Albany, N. Y.; W. B. Kramer, President Scranton Chapter, Scranton, Pa.

The officers of Philadelphia Chapter are: William A. Nickert, Eighth National Bank, President; C. W. Fenninger, Provident Life & Trust Co., Vice-President; Harry Kollock, Franklin National Bank, Secretary; W. S. Mertz, Girard Trust Co., Assistant Secretary; W. T. Pratt, Security Trust Co., Camden, Treasurer; D. J. Myers, Girard National Bank, Assistant Treasurer, who with the following compose the Board of Governors: William S. Evans, Henry & West; Frank C. Eves, West Philadelphia Title & Trust Co.; John C. Knox, National Bank of Germantown; Harry J. Haas, First National Bank; Charles B. Engle, Pennsylvania Co.; J. C. Frankland, Franklin National Bank; H. St. C. Ash, Philadelphia National Bank; J. Norman Ball, Brown Brothers & Co.; Eugene J. Morris, Manayunk National Bank.

## PORTLAND, OREGON.

By E. C. Sammons.

**S**UCCESSFUL from every point of view, "Bankers in Burnt Cork," Portland, Oregon, Chapter's minstrel and musical show is now a matter of history. The performance was held at the Heilig, Portland's leading opera house, February 25th, and the bank clerks played to a capacity house. The proceeds are to be expended for chapter-room fittings, including a piano, and in furtherance of the educational work, which has been so signally successful this winter. Local "captains of finance" were subjects of good-natured quips, and clean, wholesome entertainment was provided. The versatility of bank clerks was evidenced in the creditable manner in which the embryo minstrelmen conducted themselves.

Forsaking the comptometer of finance for the harp of minstrelry only five weeks preceding the production, the Institute members applied themselves vigorously to their rehearsals, the result being favorable criticism from all Portland's dramatic critics, one writer styling it "the best amateur minstrel performance seen in Portland." The theatricals were under the supervision of William Broad, who staged similar entertainments for Minneapolis, Pittsburgh and Denver chapters. Spokane Chapter will emulate our chapter with a minstrel show, to be staged dur-

ing the forthcoming spring. With but two exceptions, talent for "Bankers in Burnt Cork" was recruited among Institute members. Following is the program:

Overture by the entire company.  
 Introduction of first edition end men.  
 (J. King Bryon and S. G. Stanton)  
 "Just a Dream of You, Dear".....A. G. Harbaugh  
 "Everybody's Ragtime Crazy".....J. King Bryon  
 "I'm Longing for You".....Jos. P. Mulder  
 Introduction of principal comedians,  
 Oscar Heintz and Billy Broad  
 "What the Engine Done".....Oscar Heintz  
 "The Hymns of the Old Church Choir".....F. E. Gulick  
 "Reed Bird".....Billy Broad  
 "Any Place the Old Flag Flies,".....Billy Broad  
 Miss Nona Lawler and entire company

Intermission.  
 Olio—Jos. P. Mulder, tenor, in classical selections, assisted by Miss Abby Whiteside at the piano.  
 Billy Broad, "The Wandering Minstrel," original singing, talking and dancing; comedian.  
 Two professional clog dancers.

CAST.

Mandy Jones .....Oscar Heintz  
 Eph Jones .....Billy Broad  
 Rastus .....Walter Knack  
 Charles Jones .....J. King Bryon  
 Harry St. Clair, a wealthy plantation owner and slave trader .....Sam P. Mullen  
 Slaves, pickaninnies, plantation bosses and visitors.

The ten dancing blackbirds were G. M. White, R. O. Baird, H. A. White, Thomas D. Stoughten, Walter Knack, J. F. Douglas, D. C. Up, A. E. Johnson, T. H. Webster and E. L. Ordermann.

Notwithstanding intense interest in the minstrel show, the lecture course came in for its normal share of attention. Judging from the regular attendance and the interest shown, Portland Chapter will, in another year's time, send forth two score or more certificate holders. Attendance numbers between 50 and 100 at each weekly lecture. We have distributed nearly 100 sets of text-books among 240 members, a record of which we are proud.

F. O. Cooke, assistant cashier of the Lumbermen's National Bank, acted as lecturer for the text-book concerning "Bank Accounting." Mr. Cooke, who formerly was assistant clearing house bank examiner at San Francisco, dwelt especially upon the stock certificate books and bond ledgers of a modern bank, being very well versed in these subjects.

Following Mr. Cooke, John L. Hartman, manager of the Portland Clearing House, conducted the class through that portion of the course relating to "Clearing Houses." These lectures, also, proved very interesting. Edward Cookingham, vice-president of the Ladd & Tilton Bank, is instructor in "Loans and Discounts."

RICHMOND.

By J. S. Haw.

AS the chapter season is nearing its close and we look back upon chapter activities, we can say confidently that the year has been more successful than the previous one. The programs have been excellent ones—due to the untiring efforts of Henry O. Proctor—and the attendance at the meetings has been good.

Our weekly class in Banking is on the last pamphlet of the course, and in a few weeks expects to take the examinations. While not very large, the class has been a most interesting one and has been productive of much good to its members.

The one regrettable condition that exists and has been the thorn in the flesh of those who have the interests of the chapter close at heart is the small proportion of the membership who are actively engaged in chapter work. However, we are not singing our swan song. With the impetus given us by the presence of the big convention next September, we feel that this can be rectified.

Convention matters are already picking up. George H. Keesee, chairman of the general committee,

is handling quite a bit of correspondence, and the Jefferson Hotel, which will be the headquarters for the convention, reports that it has booked some fifty reservations already.

ROCHESTER.

By F. M. Simpson.

THE last of our informal dinners was held last Thursday evening at the Hotel Rochester. W. G. Kneath, a local bond dealer, gave us a very interesting talk on Bonds. We expect to hold our annual banquet in April. Our classes in Commercial Law and Banking have been very successful and we expect to have quite a few receive certificates. Rochester was favored with having two elected as Fellows of the Institute. They were Fred Mutschler, of the National Bank of Commerce, and F. M. Simpson, of the Genesee Valley Trust Co.

SCRANTON.

By Norris Swisher.

AT a recent meeting of Scranton Chapter, John Greiner, Jr., trust clerk of the Lackawanna Trust & Safe Deposit Co., gave a very interesting talk on the functions of a trust company, a portion of which is herewith submitted:

Much has been spoken, as well as written, concerning the lack of a soul in a trust company. A trust company, being a corporation, it is argued, can have no soul, and therefore all business placed with it is transacted in a very unsoul-like manner. This may be true from a technical viewpoint, but from a practical viewpoint there is but very little truth in it. It is true that the trust company is a corporation, but it is manned by human beings with human souls and human understanding, and by the very nature of much of its business, the trust company, through these same human officials, is constantly called upon to exercise much human judgment, thereby displaying, to a surprising extent, the existence of a human soul as well.

The function of a trust company which draws out these qualities and calls for a display of a large quantity, as well as exceptional quality, of human judgment, often tempered by the existence of a human soul, to the greatest degree is, perhaps, that function wherein the trust company acts as executor.

As the executor of a decedent's estate, the trust company is brought into direct relations with the immediate family of the decedent, as well as with his late business associates, often his social associates, his creditors, as well as his debtors, and in fact for a short time at least, the executor must almost follow the very steps which the decedent trod for a period immediately preceding his decease. It can therefore well be said that a trust company has a soul—and very often it is a much abused one.

One of the most common forms of individual trusts handled by a trust company is that in which it is named as executor in the last will and testament of a decedent. The fact that it is so common does not, however, necessarily mean that its duties when acting in such a capacity are at times simple and easy. The contrary is the general rule, for no matter how small the estate, or how simple the will, there is something distinctly individual about every estate and every will, and the executor would do well, before taking up his duties, to carefully study the will, and also learn something about the members of the decedent's immediate family, or, if no family survive him, then of his nearest relatives.

The first step, after having received the will, and the detailed information as to the testator's death, including the time and place of death, the executor should present the will to the Register of Wills in the county where the decedent lived, and offer it for probate. If the will bears the signatures of subscribing witnesses, these should, if possible, be present at the same time in order to prove the genuineness of the document. If no subscribing witnesses appear, then the signature of the decedent must be proven by two disinterested persons who are familiar with his signature. This having all been done, and no exceptions having been filed, the Register will grant Letters Testamentary to the person or persons named as executor in the will, and will also furnish the executor with a certified copy of the will. The original will remains in the custody of the Register. Of course, before the letters are granted, the executor must qualify by subscribing to an oath to the effect that he will faithfully



perform the duties imposed upon him. Armed with the Letters Testamentary, which are his warrant of authority, the executor is then prepared to perform his duties.

The next step is usually to insert the necessary legal notice in the newspapers notifying the public that the letters have been granted, and calling upon creditors to present their claims, and to debtors to make settlement, to the executor.

Having attended to this detail, it is next in order to ascertain, so far as possible, the extent of the decedent's personal estate. This is sometimes not a very easy matter, as many people during life do not entrust many of their personal affairs to their friends or relatives, and the executor must look "high and low" for hidden assets. After having satisfied himself that he has found all the assets, he makes a list of them, showing, so far as possible, their par value, and then appoints two disinterested persons to place a value upon the various items. This inventory should then be filed with the Register of Wills within thirty days after the letters have been granted. Great care should be exercised in preparing the inventory, so as to include everything which the decedent owned at the time of his death. When it can be ascertained, the inventory should include accrued interest on all securities up to the date of his death.

While these matters are receiving attention, no doubt bills owing by the decedent are also being presented. These should be received, carefully listed, and filed, but not paid until later.

Now follows a short period of apparent little activity. This time should be utilized by the executor in a more careful study of the will, and a careful checking up of the bills. In checking up the bills the executor is often handicapped by a lack of co-operation on the part of the decedent's family or relatives. It is always best, therefore, to have all bills accompanied by affidavits setting forth the correctness of the bill, etc. Even when accompanied by such affidavits, large bills should not be paid unless with the written approval of some member of the decedent's family, or against a refunding bond, with satisfactory security, for in the event of a dispute at the final audit of the estate the burden of proof would rest upon the executor. The executor can, however, entirely protect himself by refusing to pay the bills until ordered to do so by the auditing judge after "the final audit of the estate. The courts have seen fit to place a great deal of the responsibility in such matters directly upon the executor, even going so far as to surcharge an executor for paying what appeared to be an unreasonable bill for funeral expenses. This, in spite of the fact that members of the family, and not the executor, made all the funeral arrangements. It is therefore apparent that the executor must use great care in the matter of paying claims against the estate.

In the payment of bequests and legacies, even greater care must be used. In this connection, the legacies should be first grouped into two classes—specific bequests, and general bequests. The specific bequests are entitled to first consideration, but even these should not be paid until it is certain that the estate is entirely solvent, and that sufficient will remain to pay the cost of administration. If for any reason it seems desirable to pay some of the bequests before this fact can be ascertained, then a refunding bond, with satisfactory security, should be insisted upon.

At the end of a year, the executor should file with the clerk of the Orphans' Court a complete account of the estate, showing the amount of the inventory, together with such additional items as may have come into his hands, and taking credit for all disbursements. After the account has been confirmed by court, it will be placed on the Audit List, and upon a day set by court, will be audited in open court, at which time all claims against the estate will be heard, and will be disposed of by the auditing judge. An adjudication, or Decree of Distribution will then be handed down by court, and after a delay of a specified time (usually ten days) during which time exceptions may be filed, the adjudication is confirmed finally by the court, and the executor can then proceed to make final distribution in accordance with the directions contained in said adjudication. After this has been done, the executor will, upon petition to court, be discharged.

**Kramer for Secretary.**

Scranton Chapter takes pleasure in announcing as a candidate for Secretary of the American Institute of Banking, President Walter B. Kramer. Mr. Kramer has held every office in the chapter and represented us as delegate at Rochester and Salt Lake City conventions, and also at the Pennsylvania State Bankers' Convention. He has always upheld the principles of the Institute, and it is due largely to his efforts that Scranton Chapter can boast of as high, if not higher, percentage of graduates than any chap-

ter in the country, and we do not hesitate to ask the various chapters to support him for this honorable office. The following resolutions were adopted:

WHEREAS, Scranton Chapter, American Institute of Banking has been fortunate in having as its President a man who possesses energy, administrative ability and tact; who is an Institute graduate and has contributed unselfishly of his time, and who has served the chapter faithfully and well in various offices, committees and as Delegate, and who has the best interests of the chapter at heart; therefore, be it

RESOLVED, That the members of Scranton Chapter, American Institute of Banking, hereby nominate and heartily endorse Mr. Walter B. Kramer for Secretary of the American Institute of Banking, and be it further

RESOLVED, That the members of Scranton Chapter do all in their power to further his candidacy, and effect his election to the Secretaryship at the Richmond Convention, and that we ask support for Mr. Kramer on the basis of fitness and services rendered the Institute.

(Signed) NORRIS SWISHER,  
E. R. KREITNER,  
JOHN BENEFIELD,  
Committee.

**SEATTLE.**

By W. T. Burke.

SEATTLE CHAPTER has succeeded in getting enough irons in the fire at one time to create something of interest to every member, no matter what his tastes. Attendance at the weekly educational class is keeping up to the average made early in the season, but of course the class work alone does not appeal to all members. Arrangements for the banquet, March 26th, are practically completed. A ball is scheduled for an evening early in April, so those who would rather dance than eat or study will be able to enjoy themselves also.

Just to make sure that all would be satisfied, an adding-machine and money-counting contest was staged at the March meeting, the Burroughs Company furnishing machines for the occasion. Two hundred and fifty checks were listed by each contestant, of which there were fourteen. The best time was made by Burton Radford, of the National Bank of Commerce; four minutes and five seconds. At the same speed he would have listed a bunch of one hundred checks in one minute and thirty-eight seconds. (Spokane please note.) The second prize was won by R. H. Shrewsbury, of the Seattle National Bank; time, four minutes thirteen and one half seconds. F. W. Scripture, of the Scandinavian-American, took third in four minutes nineteen and one-half seconds. Five more correct totals were handed in.

In the money-counting contest Jack Pratt, of the National Bank of Commerce, won the first prize, and Ward Simpkins, of the Dexter Horton National, took second. Simpkins made much the best time, but was off \$5 in his total.

The primary vote for the nomination of candidates for chapter officers was also taken at this meeting. The candidates thus nominated are: R. H. Wilson and R. P. Callahan for president; R. H. Edelen and D. L. Davis for vice-president; H. A. Barton and B. N. Phillips for secretary; G. W. Huntley and L. L. Wold for treasurer. With two complete tickets in the field and the election a month off we may expect some lively campaign work during the interval.

**SPOKANE.**

By C. E. Cooper.

OUR annual Chart and Machine-Adding Contest were the features of the March open meeting, which was on Wednesday, March the 12th. The meeting was largely attended, and everybody, whether contestants or not, seemed to enjoy themselves. Judges for both contests were appointed as follows:

Chas. McLean, Cashier Traders' National Bank, W. M. Hetherington, Mgr. Bond Department, Fidelity

National Bank, H. H. Loudon, of New York City, Joe Bradley, of the Old National Bank.

Following were the winners in the Machine-Adding Contest: First Prize, given by the Burroughs Adding Machine Company, gold watch fob, won by Thos. Rogers. Time—one minute and forty-one seconds. Second Prize, silk umbrella, given by the Burroughs Adding Machine Company, won by W. E. Tollenaar. Time—one minute fifty and two-fifths seconds. Third Prize, one year's membership to A. I. B., given by the chapter, won by Otto Allgaer. Time—two minutes two and four-fifths seconds. Fourth Prize, \$2.50 cash, given by the chapter, won by Phil Brain. Time—two minutes thirteen and two-fifths seconds.

Chart Adding Contest winners: First Prize, given by the chapter, \$5.00 in cash, won by C. E. Cooper. Time—forty-six seconds. Second Prize, given by the chapter, one year's membership to the A. I. B., won by Joe Bailly. Time—fifty-four and three-fourths seconds. Third Prize, given by the chapter, \$2.50 in cash, won by C. H. Hausken. Time—fifty-five and four-fifths seconds.

Tuesday evening, March 25th, was Bankers' night at the American Theater, our chapter having bought out the house for that date. The "Fortune Hunter" was played by the American Theater Stock Company and enjoyed by a large crowd.

President Russell appointed the following members to take charge of the election in April: H. W. Champneys, Chairman, L. S. Greene, W. Hardwick, C. H. Hausken, A. F. Brunkow, R. R. Sprague, Phil Brain.

#### ST. PAUL.

By George C. Power.

**O**WING to the consolidation of four of the banks in this city, both our chapter and class work have suffered. It has been hard for the members to attend the meetings because of the great amount of night work resulting from the consolidations.

We started the year with a large membership and the largest educational class in four years. The course was the one outlined by the Institute in commercial law and it has been ably conducted by John Pearson, a lawyer of this city.

Our last meeting was a banquet, at which there were 120 members present. L. E. Doudiet, an importer from Minneapolis, gave a very interesting talk on the tariff.

Our President, Carl Diether, handed in his resignation, as he is to leave the Capitol National Bank and enter the Samson Fur Co. We are all sorry to have him leave, as he has always been a faithful worker in the interests of the Institute. His term will be completed by the Vice-President, E. O. Nordstrom, of the Merchants' National Bank.

#### SYRACUSE.

By W. W. Seymour.

**W**E read with interest in the March issue of the BULLETIN the statement made by President McWilliam, of New York Chapter, at their annual banquet concerning the qualifications which our Educational Director considers essential in the makeup of the Institute Banker. Syracuse Chapter is busily engaged in endeavoring to develop the "two-fifths lawyer" prescribed by him. We have an average attendance of fifty at the lectures on "The Law of Commercial Paper," which are being given by Frank R. Walker, A.M., LL.B., lecturer on Bills and Notes, Syracuse University School of Law. Our members are finding it not only helpful but a pleasure to listen to Prof. Walker, for he delivers his lectures in a practical and interesting manner. About twenty of our members are anxiously awaiting the final word from New York concerning the examination which they tried in Economics on March 7th.

Plans have been completed for a Chapter Dinner to be held in the near future at which time the prizes will be awarded to the winners in the two contests which have been conducted this winter.

On April 21, 1913, the first debating team that Syracuse Chapter has sent out will journey to the Flower City to meet our Rochester brothers before the Chamber of Commerce of that city. The subject of the debate is, "Resolved that the plan of Monetary Reform recommended by the National Monetary Commission should be adopted." Our boys are to take the affirmative, and the team, consisting of William A. Boyd, Alfred L. Wise, and William T. McCaffrey, has the confidence and best wishes of every member of Syracuse Chapter in this their maiden effort.

On March 15th the bowling team of Utica Chapter visited us and returned home with the low score. However, they turned the tables on the following Saturday, and our boys came home similarly burdened, so at the present writing neither team has the advantage. According to all reports their educational work is progressing splendidly, and Syracuse Chapter congratulates them on the success which is attending their efforts.

Everything is running smoothly. Our finances, while low, are nevertheless going to carry us through without calling on the banks for help, which fact makes everybody feel good.

#### UTICA.

By F. P. McGinty.

**S**INCE our first meeting in February, which was an open meeting, the Utica Chapter has been working hard.

A class in economics was formed, numbering about sixty. This class meets every Tuesday evening and in every respect has been a success.

Under the direction of Professor Goodhue, of Colgate University, the men at the first class meeting on February 11th, took up the subject of "Value and Prices"; February 18th, "Production and Wealth"; February 25th, "Business Concentration"; March 4th, "The Rate of Interest"; March 11th, "The Monetary History of the U. S." Professor Goodhue lecturing on the subject assigned for the evening and an informal discussion following. We feel that following this plan we will get the best results.

Through the efforts of our instructor, who is deeply interested in our work, the Public Library of our city has set aside a room where the works on Economics and Banking which he recommends have been placed. Thus our members are offered every encouragement in their work.

On March 18th an open meeting was held. This was our second open meeting, and if possible it was even more successful than the first one held in February.

There were over one hundred men present, including several of the officers and professional men of the city who had been invited.

**T**HE Association has on hand a few copies of the proceedings of the Savings Bank Section for the years 1904, 1907, 1908 and 1909. Any of our members will be furnished with copies free of charge on application to this office.

**A**LIMITED number of bound copies of Vols. 1, 2, 3 and 4 of the JOURNAL-BULLETIN can be obtained at this office at cost—\$2.00 each for Vols. 1 and 2; \$2.50 each for Vols. 3 and 4.

