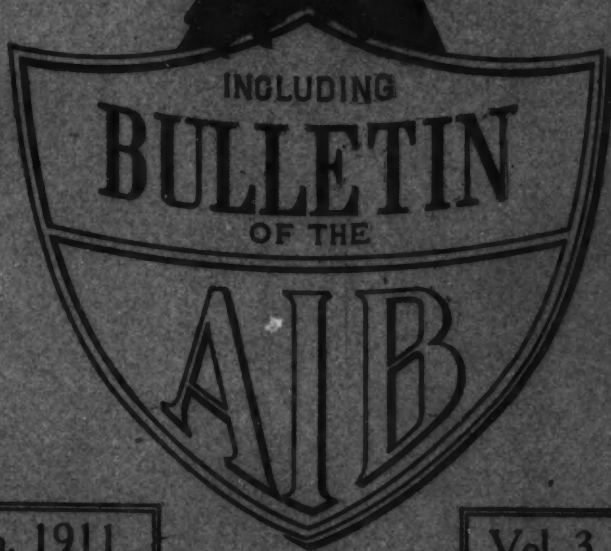


# JOURNAL

OF THE

AMERICAN ENGINEERS

ASSOCIATION



March, 1911

Vol. 3, No. 9

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# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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VOL 3.

MARCH, 1911.

No. 9

## ATTACKS ON NON-MEMBER BANKS.

The epidemic of yegg depredation and bank burglaries, through some of the Westerr States in the past few months has amply proven the efficiency of the work of the Burns National Detective Agency, and the warning of the sign of the American Bankers Association, and the force behind that sign. It has also proven that all a bank requires is the protection of the American Bankers Association through its representative—the Burns Agency—and that department of the association under the able management of Mr. Gammon; this department having records of criminals of the past sixteen years, and some fifteen hundred photographs of present day criminals. The reports of the Middle West show that since September 1st there have been forty-three attacks on non-member banks with losses of thousands of dollars, and only one attack on members in that territory. This record has not been equalled since the establishment of the protective feature.

## PROTECTIVE WORK APPRECIATED.

The Minneapolis, Minn., office of our detective agents—The William J. Burns National Detective Agency recently received the following letter from one of our members in North Dakota:

"Yesterday we received a telegram from your Mr. —, which indicated that Miller was in the toils, and your letter this morning satisfies us that he has the right party beyond a doubt. The name "John Kurtz" is merely his uncle's name, which he has borrowed for the occasion. We are certainly very much pleased over the success of your efforts and wish you would congratulate Mr. — for us at the first opportunity. Certainly, such services you have given in this instance and your promptness in putting your representative on the case, will commend you very highly to all bankers throughout the country, if you continue to work on the same lines. We cannot help but feel that the American Bankers' Association made no mistake when they changed from the Pinkerton's to you people."

## INSTITUTE SOCIAL FEATURES.

Many of the chapters in the larger cities hold annual banquets, which is developing into quite an important feature of the institute routine. A bank clerk may be trained in theoretical and practical banking and give first class service to his institution, but as bank officials are made from bank clerks, it is quite an important, as an official, that he be broad, courteous and agreeable, and the social part of the institute qualifies him in this direction.

The greatest success of the year along this line was the last annual banquet of the New York chapter, held at the Hotel Astor, February 8th. This banquet was attended by eight hundred. Every detail was effectively and faithfully carried out, and every feature which should be a part of a banquet was in evidence. There were excellent addresses; some grave, dealing with the intricate questions of banking, and enough of the humorous to leave pleasant recollections. An important and commendable feature was the presence of a large number of prominent New York bankers who sat at tables with the institute members, and were interested observers of, and listeners to, all that took place. The presence of these staid and experienced bankers was an inspiration to the young men.

New York chapter has had a favorable and healthy boom this year; over eight hundred new members have been added, and the membership now numbers over 1,500. The officers have not lost sight of the educational feature and their Year Book for 1910 and 1911 shows a series of meetings, classes and lecture courses, extending throughout the entire winter, which cannot be excelled, and the attendance at these meetings is much larger than at any other time in the history of the chapter.

## Numerical Transits.

Under the Clearing House Section department we are publishing in full an article on Numerical Transits by C. J. Grant, of Dallas, Texas. Mr. Grant has made a close study of this subject and understands thoroughly every phase of it. His article gives considerable information on the plan in vogue in Texas, which plan the Committee of Transit Managers, which recently met in Chicago, has enlarged upon to cover all of the banks of the country and will soon bring it out for universal use.

# TRUST COMPANY SECTION

The Executive Committee of the Section will hold its Spring meeting in conjunction with the Executive Council of the Association at the Hotel Hermitage, Nashville, Tenn., on May 1st next. This meeting is the customary one for purposes of discussing the affairs of the Section and arranging for the annual convention, to be held in the Autumn. In connection with the coming convention, the Secretary has sent the following letter to all members of the Section and it is earnestly hoped that the members will assist the officers in making this convention even more successful than in previous years:

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 within a few weeks 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 you think 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.

Plans are being rapidly consummated for a large banquet to be given by the Trust Companies of the United States, under the auspices of the Trust Company Section. This banquet will be held in the Grand Ball Room of the Waldorf-Astoria, New York, on the evening of May 5th next, at which time members of the Executive Committee will have returned from Nashville.

It is planned to make this banquet national in scope and it is hoped that members of the Section from all parts of the country will be in attendance. Speakers of national fame will be present and it is felt that the affair will emphasize the growing importance of trust companies throughout the country. Full details will be sent to all members of the Section within a few days. The following trust company officers of New York and vicinity have agreed to serve on an honorary committee of arrangements: Edwin S. Marston, President Farmers Loan & Trust Co., New York.

Otto T. Bannard, President New York Trust Company, New York.

Edwin G. Merrill, President Union Trust Company, New York.

Clarence H. Kelsey, President Title Guarantee & Trust Company, New York.

Alvin W. Krech, President Equitable Trust Company, New York.

John W. Platten, President United States Mortgage & Trust Company, New York.

Benjamin Strong, Jr., Vice-President Bankers Trust Company, New York.

Alexander J. Hemphill, President Guaranty Trust Company, New York.

Wm. C. Pollock, President Mercantile Trust Company, New York.

Howard Bayne, Vice-President Columbia Trust Company, New York.

Uzal H. McCarter, President Fidelity Trust Company, Newark, N. J.

E. Elmer Foye, Vice-President Old Colony Trust Company, Boston, Mass.

Ralph W. Cutler, President Hartford Trust Company, Hartford, Conn.

A. H. S. Post, President Mercantile Trust & Deposit Company, Baltimore, Md.

Chas. J. Bell, President American Security & Trust Company, Washington, D. C.

A. A. Jackson, Vice-President Girard Trust Company, Philadelphia, Pa.

Roland L. Taylor, President Philadelphia Trust, Safe Deposit & Insurance Company, Philadelphia, Pa.

Oliver C. Fuller, President Wisconsin Trust Company, Milwaukee, Wis., President Trust Company Section.

Lawrence L. Gillespie, Vice-President Equitable Trust Company, New York, First Vice-President Trust Company Section.

F. H. Fries, President Wachovia Bank & Trust Company, Winston-Salem, N. C.; Chairman Executive Committee, Trust Company Section.

Philip S. Babcock, Secretary, Secretary Trust Company Section, New York.

The text of a bill recently passed in both branches of Congress, to authorize the receipt of certified checks drawn on national banks for duties on imports and internal taxes will be found on another page of this Journal.

This legislation was proposed by Secretary MacVeagh for the purpose of abolishing the present cumbersome and costly system of dealings between banks and the sub-treasuries, and to place the Treasury Department, in its relations to banks, upon a more modern and business-like basis.

The bill as passed by the House of Representatives provided that checks drawn on State Banks and Trust Companies could also be accepted. The Finance

Committee of the Senate in reporting the bill amended it by striking out the provision accepting certified checks drawn on trust companies. The attention of the officers of the Section and members of the Executive Committee being called to this discrimination against trust companies, a vigorous protest was lodged with the members of the Finance Committee of the Senate and it is gratifying to know that checks drawn on trust companies have been included in the bill as passed.

**Special Notice.**

It is felt that it will be of much value and interest to the members of the 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 11 Pine 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.

**"Trust Company Forms" Now Ready for Delivery.**

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

The selected forms have been reproduced by photographic process (one-half the original dimensions), bound in full morocco, leather lining, gilt edges, in handsome and durable shape—11x14 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 Mr. P. S. Babcock, Secretary Trust Company Section, 11 Pine Street, New York, who will forward book prepaid at once.

**REGISTRATION AT OFFICES.**

THE offices of the Association, being so centrally located in the financial district—corner of Nassau and Pine Streets—make a very convenient place for members and their friends to meet when in New York. One of the large offices has been fitted up as a library and reading room, in which are kept on file the financial papers of the country and other current literature. Every facility has been provided for correspondence, and the Association's stenographers are at the service of the members, who can have their mail and telegrams sent in care of the office. The Association telephone is also at their service when they wish to communicate with the banks or their friends. The members are cordially invited to avail themselves of these privileges, and it is very much hoped they will do so.

The following visitors registered during the month of February:

- A. B. Nichols, Manager New York Office University Press, New York, N. Y.
- A. G. Bishop, Cashier Genesee County Savings Bank, Flint, Mich.
- G. Y. Hills, New York, N. Y.
- A. M. Chapman, New York World, New York, N. Y.
- A. W. Atwood, New York Press, New York, N. Y.
- L. L. Gillespie, Vice-President Equitable Trust Co., New York, N. Y.
- William Smythe, Assistant Commissioner of Taxes, City of New York.
- George T. Warren, East Orange, N. J.
- H. C. Guckenberger, Atlas National Bank, Cincinnati, Ohio.
- Col. Robert J. Lowry, President Lowry National Bank, Atlanta, Ga.
- Henry D. Forbes, Vice-President National Shawmut Bank, Boston, Mass.
- H. C. Burnett, Assistant Cashier National Bank of Commerce, St. Louis, Mo.
- C. R. Burnett, Assistant Cashier First National Bank, Richmond, Va.
- Julien H. Hill, Cashier National State & City Bank, Richmond, Va.
- Marcus Pollasky, Chicago, Ill.
- Chas. L. Stewart, Treasurer Benjamin Franklin Savings Bank, Franklin, Mass.

- O. Howard Wolfe, Philadelphia National Bank, Philadelphia, Pa.
- A. D. Swift, Cashier Elk County National Bank, Ridgway, Pa.
- F. O. Watts, President First National Bank, Nashville, Tenn.
- Henry R. Cool, Cleveland, Ohio.
- W. F. Clowes, New York, N. Y.
- E. E. Foye, Boston, Mass.
- Wm. H. Moore, Cashier Mt. Kisco National Bank, Mt. Kisco, N. Y.
- Arba Perry, Colonial Trust & Savings Bank, Chicago, Ill.
- George Guernsey, Jr., Vice-President Commercial National Bank, Independence, Kan.
- Edward L. Robinson, Vice-President Eutaw Savings Bank, Baltimore, Md.
- Stoddard Jess, Vice-President First National Bank, Los Angeles, Cal.
- William Livingstone, President Dime Savings Bank, Detroit, Mich.
- Wm. W. Scrogum, President First National Bank, Yonkers, N. Y.
- C. W. Butler, Cashier State National Bank, Miles City, Mont.
- J. G. Merrimon, Vice-President American National Bank, Asheville, N. C.
- Lewis E. Pierson, President Irving National Exchange Bank, New York, N. Y.
- J. R. Van Wagener, President First National Bank, Oxford, N. Y.
- W. H. Kniffin, Jr., Cashier Home Savings Bank, Brooklyn, N. Y.
- Chas. F. Minor, Assistant Manager Knickerbocker Trust Co., New York, N. Y.
- B. C. Downey, Cashier Continental National Bank, Indianapolis, Ind.
- Mrs. F. H. Colburn, San Francisco, Cal.
- John Wilson, New York, N. Y.
- J. Hirsch, Vice-President Corpus Christi National Bank, Corpus Christi, Texas.
- L. L. Farnsworth, Detroit, Mich.

J. W. Bell, President of the First National Bank, Abingdon, Virginia, has been elected Vice-President of the American Bankers Association for Virginia to fill the vacancy caused by the death of George A. Schmelz, of Newport News.

# SAVINGS BANK SECTION

## NET MEMBERSHIP 1921.

The May meeting of the executive committee of the Savings Bank Section will be held on May 1st in connection with the meeting of the executive council at Nashville, Tennessee. Reports will be received from standing committees and routine business transacted. The work of the section demands a full attendance. Further details will be given in the April number of the Journal, but reservations must be promptly applied for. Headquarters will be at the Hotel Hermitage.

After consultation with the other officers of the section, President Robinson came to New York for a few days, during which time he appointed Mr. Wm. H. Kniffin, Jr., cashier of the Home Savings Bank, Brooklyn, N. Y., secretary of the Savings Bank Section, subject to the approval of the executive committee at the May meeting.

The chairmen of the various committees of the section are now arranging for meetings of their respective committees, and will no doubt make preliminary reports to the May meeting.

## "Savings Bank Section Book of Printed Forms."

The book is handsomely bound in flexible seal, issued in a convenient loose-leaf style, and comprises over 600 of the most useful and typical forms used by the most progressive savings banks of the country; these forms were selected from a collection of over 20,000 blank forms on file at the Secretary's office, and bound up in about fifteen huge volumes.

The forms are reproduced at one-half their original dimensions, viz., one-quarter of the area. The third edition is for sale to non-member banks at \$18 per copy, and to members of the American Bankers Association at \$12 per copy. Orders will be received and promptly attended to by William H. Kniffin, Jr., Secretary the Savings Bank Section, 11 Pine Street, New York City.

## DOCUMENTS FOR DISTRIBUTION.

The Association has on hand quite a quantity of printed matter appertaining to the work of the Bills of Lading Committee, which will be sent to such members as may desire same if they will notify this office. The list is as follows:

### 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.
- Circular containing Valuable Advice to Bankers.

### Currency.

- Report of The Currency Commission of the American Bankers Association.
- 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.

### 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.

Clearing House Examinations by Clearing House Examiners—Discussion led by J. B. Forgan, of Chicago, at meeting of the Clearing House Section at Los Angeles, October 6, 1910.

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."

Address by Daniel S. Remsen before the Trust Company Section, September 15, 1909, "Post-Mortem Administration of Wealth."



# CLEARING HOUSE SECTION

## NUMERICAL TRANSITS.

By C. J. Grant, Auditor of the American Exchange National Bank of Dallas—Synopsis of an Address at the Houston District Meeting of the Texas Bankers Association.

Texas was first to make an effort to organize a State-wide system, and is to-day the only State in the Union operating one. As it stands it is of great value to those banks using it, but there is "room for improvement." This improvement can only be brought about by the co-operation of all the banks in the State, and if we could secure this we would have a system that would be not only of value to the reserve city banks, but to every bank in the State, no matter what its size; and it would be such a system as would be the envy of the banks in other States. This co-operation is not a matter of cost, but of interest; and we hope that those present will push the matter along by asking for co-operation when they have an opportunity.

Something over a year ago this State was being flooded with endorsement stamps sent out by our friends in the central reserve and other large cities, and as these stamps were invariably payable to the bank from whom they were received, we realized that considerable confusion would ensue should we endeavor to use them. In view of this condition some twenty-five men interested in the transit departments of reserve city banks in Texas, held a meeting in Fort Worth, and organized the present Texas numerical system, which has proven of great value.

Now I don't think that the reserve city banks doubt the value of this system; but there is a mistaken idea that the interior banks can get no benefit from it, and this idea I am anxious to correct, and will therefore try to explain the system and show where the benefits can be derived from it by any bank, no matter how small.

In the first place, the committee used a bank directory as a basis, and, after correcting same as far as possible, numbered every bank in the State, beginning with No. 500, and furnished each bank with an endorsement stamp bearing its number. The funds for purchasing these stamps were furnished by the reserve city banks, and the stamps were sent out without any cost to the different banks which were requested to use them.

Of course these stamps covered all transit matter received by any bank from the Texas banks. The next question of importance was that of numbering the city customers, and for this purpose we left open numbers below 500, each bank, of course, furnishing its city customers who handled transit matter with an endorsement stamp bearing such number as was arbitrarily given them by the bank.

These two classes of stamps covered a majority of transit items received; but there are several other sources from which they are received that cannot be covered by endorsement stamps. The items which are sent out for collection and returns, for example, are paid by checks drawn to the order of the bank receiving them, and, of course, there is no endorsement. This can be covered by giving the Collection Account itself an arbitrary number, as in the case of the institution which I represent, where the number 12 has been given for all of these items, and the carbon copies of the paid letters are kept in batches arranged according to date of payment, so that in event of the loss of a letter containing one of these checks the batch can be referred to, and the drawer thereby ascertained.

The next class which we find without numbers are the transit items received from Eastern banks. In order that we might not have to ask them to use any stamp, we made up a list of arbitrary numbers for use in our office, the numbers ranging from 400 to 500, and had these lists typewritten and placed before each transit man, giving each Eastern bank that sent us transit matter a number. For example, we gave New York Nos. 400 to 420, naming the bank opposite each number. Chicago came next, beginning with 421, and so on in each large city, allowing as many numbers as we deemed necessary to cover all correspondents in that city.

This covers more than 95 per cent. of the transit matter; but there is one other class not covered, which can be handled in two ways. This class consists of items received from a customer who probably deposits a transit item only about once a month, and also items cashed over the paying teller's counter for strangers. In our office we handle this by entering with pencil on transit letters the names of endorser and drawer.

A good many of my friends disagree with me in this plan of handling such items; but I believe that all transit records should be kept in one department. Their plan is to have these items described before leaving the teller's cage and using the teller's number as an endorsing number. Of course this is a very nice way to handle it, and enables you to write your letter completely on an adding machine; but it occurs to me that it is better to have a transit man, whose salary is not so large, to do this work, rather than put the burden on the highest priced employees in the office.

Now this is the system as we have it to-day, but we do not wish to stop here; and this is the point at which we are compelled to seek the co-operation of all banks in the State. The co-operation referred to is simply this: We want to ask every bank, when ordering new stationery, to have their transit num-

ber printed on individual checks immediately under their name, and on their correspondents' drafts under the signature line. Then, in the event that the correspondent's name is printed on the draft, and it is a Texas bank, have its transit number printed under its name.

If this is done it will eliminate the difficulty previously referred to, in the matter of the Collection Account being indorsed with a special number, as the drawer's number can be entered in its place; but it is more valuable in the matter of "concentration letters." If the numbers are printed on the checks it will not be necessary, after writing a letter on the adding machine giving the endorser and amount, to take it out and then write the towns on which the checks are drawn; for, with the numbers printed, an adding machine can carry the three columns for "endorser," "amount" and "on whom" all in numbers.

Now then, suppose we have secured this cooperation, and that practically all of the checks and drafts in Texas are numbered. The interior bank can then begin to get some benefit. A great many interior banks send practically all of their transit matter to one or two points, and in doing so it is necessary for them to describe the items particularly, as to point on which drawn. Most of them not only give the town on which drawn, but the bank, which, of course, requires a good deal of writing; but if the checks and drafts had the transit numbers on them it would only be necessary for them to enter one number—which would take up much less time and space than either the name of the town or bank, and yet they would have a complete description of the item.

Now, in addition to this part of the system, there is no reason why the interior bank should not take advantage of the numerical system by handling the local customer's endorsement with a number. It will not even be necessary to furnish the customer with an endorsement stamp bearing the number, as in the smaller towns there are usually only a few firms that handle any number of transit items, and the transit man can make an arbitrary list, which he can keep before him, and use if necessary, although in all probability he will soon be able to remember the different numbers; and in making entries on his books he can just enter the number; and you will admit that it will be very much easier to enter "No. 14" twenty-five times in a day than to write "Schwarzchild & Sulzberger Company" the same number of times.

Another point which a great many banks are not availing themselves of, is in the matter of drawer of checks. It would probably surprise you if you undertook to ask your customers whether they kept a record of the drawer or not—to find that nearly all of them do, and that those who do not will very gladly do so at your request.

I telephoned every customer of ours in Dallas who handles transit matter, and found that over ninety per cent. of them were keeping satisfactory records. All but two customers agreed to keep them in future.

Of these two, one of them stated that they kept a record of items above \$5.00, and could not below that amount. The other stated that they kept a record of only about one-third of their items. In the former

case we decided that we would not keep a record of the drawer of \$5 items, but that we would take a chance of losing possibly one or two items in a year. More than this time has elapsed since we started it, and we have lost nothing. In the other case we decided to keep a record of the drawer of these particular items, but as we lost three or four items of this particular firm we thought that we would try to procure duplicates without advising them who the drawer was, and in each case we have been successful; which proves that better records are kept than a great many people think they are keeping. The natural course of business produces a record of all transactions in some office.

In the smaller towns the percentage in favor of good records would not be as great as in our city; but the bankers are in closer touch with their customers and in cases where records are not kept I do not believe they would have any trouble in getting their customers to either keep a record or to enter the drawer on the deposit ticket opposite each amount, which would, of course, be a complete record in your own office.

A great many of you know as well as I do that the Texas system is a success, and I want to say a word in regard to a national system. The American Bankers Association has recognized for some time that the systems being adopted by different banks without regard for one another would create confusion, and has been working along the lines of a national system. Several years ago the large reserve cities were designated by the different letters in the alphabet; but of course the alphabet ran out, and the system was not carried any further at that time. But during the month of December last, the Association called together the transit men from the larger cities, your State being represented by myself. At this meeting there was considerable discussion of the matter, and it was finally decided that a committee be appointed to work out in detail a system based on ours, giving—in addition to the bank number—a number for each State in the Union. This committee, I understand, is working on the matter, and expects to be able to report to the Association by April. The Association will then take up the question and see if it can be carried out by the different States. The Texas number will probably be "5," on account of our standing in the number of banks, and it was agreed that our numbers now in use would not be touched, but that we, of course, would be requested to put No. 5 in front of our present number. A condition of this kind was anticipated when the Texas system was inaugurated, and that is the reason that our Texas stamps have stars around the border; so that if a system were adopted requiring State identification, we can be identified by this, until our stamps then in use were worn out and it became necessary to purchase new ones.

About the only matter we are having any trouble with in the Texas system to-day, is that new banks are organized and order endorsement stamps and checks without putting their numbers on them, and this can only be overcome by other banks in their neighborhood calling their attention to the matter as soon as they are organized.

Now, gentlemen, I hope that I have been able to place this matter before you in such a light that you

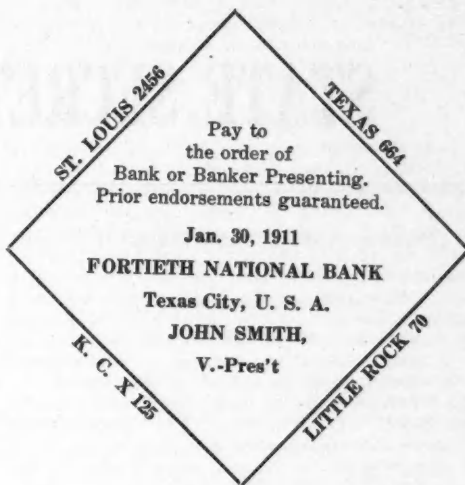
can see something in it yourselves, and that you will each and every one make it a point to order your new stationery with numbers, and ask your new neighbors to come into line with us.

**TRANSIT DEPARTMENT SYMBOLS.**

The endeavor to bring out a national or uniform system of symbols to designate the States and banks of the country, at the present time, is a most important move. Various systems were being put forth in all parts of the country. The State of Texas was the pioneer in the movement to have a system of numbers for its State banks, but the absence of symbols for other States and cities resulted in various plans being put into operation, and there was nothing in sight for the future, but endless confusion.

We reproduce herewith an actual copy of an endorsement stamp, sent out from Texas, of course, eliminating the names. This stamp contains four numbers and illustrates better than could anything else the folly of not having a uniform system of numbers which would be applicable to the entire country.

The work of the committee of transit men, which was inaugurated in Chicago on December 12th, 1910,



is now about completed, and the findings of this committee will soon be made public that the banks of the country may put same into operation.

**MORTUARY RECORD OF MEMBERS REPORTED DURING FEBRUARY.**

- Baldwin, Henry P. 2nd—Vice-President Old Detroit National Bank, Detroit, Mich.
- Beasley, Lester W.—President East Brooklyn Savings Bank, Brooklyn, N. Y.
- Brandt, James A.—Cashier First National Bank, Mechanicsburg, Pa.
- Clark, Bernard A.—Assistant Secretary Hoboken Bank for Savings, Hoboken, N. J.
- Elsworth, Edward—Chairman Executive Committee Fallkill National Bank, Poughkeepsie, New York.
- Garrels, Gerhard William—President Franklin Bank, St. Louis, Mo.
- Kenyon, James S.—Vice-President Atlantic National Bank, Providence, R. I.
- Low, Daniel—Director Merchants National Bank, Salem, Mass.
- McCormick, R. L.—President Pacific National Bank, Tacoma, Wash.
- McLachlin, Henry C.—H. C. McLachlin & Co., State Bank, Petersburg, Mich.
- Merritt, Edward—President Long Island Loan & Trust Co., Brooklyn, N. Y.
- Moser, Calvin D.—Cashier Penn National Bank, Reading, Pa.
- Norton, John Hubert—Director Citizens National Bank, Los Angeles, Cal.
- Scott, Stephen C.—Of O'Donald & Scott, Howard City, Mich.
- Stoney, Robert J., Jr.—Banker, Pittsburg, Pa.
- Tunis, Henry W.—Cashier National Newark Banking Co., Newark, N. J.
- Twing, William G.—Cashier Holyoke National Bank, Holyoke, Mass.
- Tykeson, Julius—Director Bank of Bucklin, Bucklin, Mo.
- Van Patten, John P.—Second Vice-President First National Bank, Davenport, Ia.
- Weed, Jonathan N.—President Quassaick National Bank, Newburgh, N. Y.
- Williamson, George R.—President Boulder National Bank, Boulder, Colo.

# STATE SECRETARIES SECTION

## ORGANIZATION OF SECRETARIES OF STATE BANKERS' ASSOCIATIONS.

Organized November 13, 1902.

### OFFICERS.

W. F. KEYSER, Sedalia, Mo., *President*.  
 N. P. GATLING, Lynchburg, Va., *First Vice-President*.  
 L. A. COATE, Boise, Idaho, *Second Vice-President*.  
 FRED. E. FARNSWORTH, New York, N. Y., *Secretary & Treasurer*.

### BOARD OF CONTROL.

J. W. HOOPES, Austin, Texas.  
 WILLIAM J. HENRY, New York, N. Y.  
 S. B. RANKIN, South Charleston, Ohio.  
 HARRY YEAGER, Lewistown, Montana.  
 C. H. WELLS, Salt Lake City, Utah.

### CONVENTIONS TO BE HELD IN 1911.

April	6-7.	Arkansas	.....	Little Rock
	"	18-20.	South Carolina	.....Summerville
May	1-3.	Executive Council, A. B. A., Hotel Hermitage	.....	Nashville, Tenn.
"	"	16-18.	Texas	.....Dallas
"	"	24-25.	Kansas	.....Kansas City
"	"	24-25.	Missouri	.....Kansas City
June	7-8.	So. Dakota	.....Cataract Hotel, Sioux Falls	
"	"	15-17.	Virginia	.....Homestead Hotel, Hot Springs
"	"	15-17.	California	.....Lake Tahoe
"	"	20-22.	Maryland	.....Deer Park
"	"	21.	Minnesota	.....Bemidji
"	"	21.	Iowa	.....Mason City
"	"	21-23.	N. Caro.	.....Lake Kanuga, Hendersonville.
July	5-7.	Ohio	.....	Cedar Point, Sandusky
"	"	12-13.	Wisconsin	.....Milwaukee
"	"	15-17.	Virginia	.....Homestead Hotel, Hot Springs
Sept.	7-9.	Amer. Inst. of Banking, Rochester, N. Y.	.....	
Oct.		Illinois	.....	Springfield

### GROUP MEETINGS.

Reports from various parts of the country indicate that there has never been so successful a series of Group meetings as those which are taking place this year.

The fundamental principles of association work are sound. Group meetings are the foundation, for they interest the banker in the small community by bringing him in touch with his brother bankers, and by reaching a class of bankers, who, in many cases do not frequently attend State association and national association conventions. In those States which have strong Group systems, you will find large and powerful State associations, which organizations are loyal supporters of the American Bankers' Association.

During the latter part of February General Secretary Farnsworth attended five Group meetings in the State of Pennsylvania; Pennsylvania being the second largest State in point of membership in the American Bankers Association, having eight hundred members, and surpassed only by New York State, which has nine hundred members.

The first of this series of Group meetings, which the general secretary attended, was that of Group III, in the thriving city of Wilkes-Barre on the evening of February 16th. It was a largely attended and an excellent business meeting, followed by a dinner, and the theatre. The next meeting was the annual banquet of Group I, at the Bellevue-Stratford Hotel, Philadelphia, on the evening of February 17th. This was the largest banquet in the history of the group, and was characterized by the usual excellence for which Philadelphia Group is noted. On the evening of February 21st at the Fort Pitt Hotel, Pittsburgh, was held the annual meeting and banquet of Group VIII. It was also a record-breaker for this group in the completeness of arrangements and details, and in beauty (including the ladies at the tables), for which Pittsburgh is famous. Group VI at Tyrone on Washington's birthday, held a fine business meeting with an attendance of over a hundred, at which addresses of great interest were delivered. This session was followed by a dinner. Mr. W. T. Bell, a pioneer banker of Mt. Union, Pa., was elected chairman of the group. The presiding officer at the meeting made a statement of an unusual circumstance in connection with the new chairman; one that would be hard to duplicate; that Mr. Bell has five sons in the banking business, and to prove it, he asked the five young men to arise to their feet. Five handsome and stalwart young men responded to this call, all active in their profession and a credit to their father, who is one of the much-respected bankers of this group. The last of these meetings was that of Group V at Harrisburg on the afternoon and evening of February 22nd. This group also had its banner attendance with unusual interest shown in the proceedings. A fine banquet followed the meeting, at which able addresses by distinguished citizens of Pennsylvania were delivered, among which were addresses by the Governor and Lieutenant Governor of the State, Pennsylvania's Commissioner of Banking, State representatives and Senators; the Hon. John E. Fox of the State Senate excellently presiding as toastmaster.

Texas reports this year's group meetings eminently successful in interest and attendance; in fact, some of the group meetings were as large as some of their State conventions. Texas holds its group meetings with a continuity of dates arranged so that its officers and other bankers particularly interested can follow up the entire list of seven groups, reducing to



a minimum the loss of time and travel. The Texas group meetings were held between the dates of February 11th and 22nd.

**VERMONT STATE BANKERS' ASSOCIATION.**

The second annual convention of this Association was held at Brandon on February 22d, the Brandon Inn being headquarters.

The convention was called to order at 2:30 p. m. by President Charles F. Chapman, of Woodstock, and the invocation pronounced by Rev. William V. Berg, Pastor of the Brandon Congregational Church. The address of welcome by ex-Governor Ebenezer J. Ormsbee was responded to by Charles P. Smith, President of the Burlington Savings Bank, member of the Executive Council, followed by the annual address of President Chapman.

The reports of Secretary Fred C. Spencer, Treasurer David L. Wells and the Executive Council, showed the Association to have made rapid progress during the past year.

Francis B. Sears, First Vice-President of the National Shawmut Bank, Boston, delivered a most able address on a Central Bank, outlined under Senator Aldrich's plan. Mr. Sears was elected an honorary member of the Association.

In the evening the members attended a banquet as guests of the National Banks of Brandon.

The officers elected for the ensuing year are as follows: President, Frederick H. Farrington, Vice-President Rutland Savings Bank, Brandon; Vice-President, A. G. Eaton, Cashier First National Bank, Montpelier; Secretary, F. R. Dickerman, Cashier First National Bank, Bristol; Treasurer, D. L. Wells, Cashier First National Bank, Orwell.

The following were elected members of the Executive Council: For one year: Charles P. Smith, Burlington; W. H. Roberts, Manchester Center; C. F. Lowe, Montpelier; Charles F. Chapman, Woodstock. For two years: Henry F. Field, Rutland; C. S. Webster, Barton; W. S. Boynton, St. Johnsbury; M. W. Barney, Swanton.

**ROBERT J. STONEY, JR.**

Robert Johnston Stoney, Jr., a prominent banker and broker, and vice-president of the Anchor Savings Bank of Pittsburgh, died suddenly at his home on January 29th.

Mr. Stoney was born in Pittsburgh about sixty-one years ago. For twenty years he was editor and proprietor of "The Banker." He was one of the organizers of the Pennsylvania Bankers' Association, and last year retired as its treasurer.

Mr. Stoney was a prominent figure in the Pennsylvania Bankers' Association and Group Eight—his home group. He was always active, and any committee work assigned to him was done well and effectively. He was particularly good on details, and his work on arrangements for association meetings or group meetings was always marked by completion. This was true also in the preparation of badges and souvenirs, and the publication of the annual proceedings, which could not be surpassed. Mr. Stoney was a kind gentleman; ever courteous and

congenial; large hearted, and beloved by all who had the pleasure of his acquaintance. He will be greatly missed by the bankers of Pennsylvania.

**"THE KANSAS BANKER."**

The initial number of "The Kansas Banker" is just out. It will be published monthly by the Kansas Bankers' Association. The first number reflects great credit on the genial editor, W. W. Bowman, secretary of the Kansas Bankers' Association. Though there has been some criticism in the past by the financial press, of the various State organs, there seems to have been little ground for it, as these publications are monthly bulletins to the membership, and the bankers are only following out the progressive lines of other organizations.

Secretary Bowman has added another important feature to the various lines he has inaugurated during his successful administration of the affairs of his State association. With his well-known energy and ability, "The Kansas Banker" will be a winner.

**PROTECTIVE WORK OF STATE BANKERS' ASSOCIATIONS.**

Iowa Bankers Association,  
Office of the Secretary.

Des Moines, Iowa, February 8, 1911.

**BULLETIN NO. 12.**

**WARNINGS.**

James Russell, alias W. C. Williams, issued checks signed Chas. E. Brown, usually for \$375.00 to \$425.00. Buys real estate, gets part cash and has defrauded two of our members. Six feet tall, slender, hatchet face, dark hair, scraggly small sandy mustache, 50 years old, black slouch hat, dark clothes, shuffling walk. Warrant has been issued. Arrest him and wire the Secretary.

Frank Clark secured some blank checks from a customer of the Cedar Rapids Savings Bank, sometimes signs J. B. Brooks & Co., to checks of small amounts. Watch for him.

M. H. Howard deposited small amount and secured check book on People's Trust & Savings Bank, Clinton, soon drawing out the deposit. He continues to issue checks which are of no value.

Roland King, Lisbon, height 5 ft. 9 in., gray eyes, fair complexion, brown hair, slight build, 17 years old, charged with forging check at Lisbon. Warrant issued. Supposed to be in neighborhood of Cedar Rapids.

Iowa Bankers Association,  
Office of the Secretary.

Des Moines, Iowa, February 23, 1911.

**BULLETIN NO. 13.**

It has been reported to this office that E. J. Penfield, President of the Bank of Kelley, Kelley, Iowa, a private institution, has absconded. He is wanted by the Sheriff of Story County at Nevada, Iowa.

Description.—Penfield is a man about 33 years old, rather heavy build, weighing about 175 pounds, 5 ft. 7 in tall, medium dark complexion, small brown eyes, set close together, smooth face, wore dark blue serge suit and derby hat when last seen.

He has some of his bills receivable with him. Was last seen in Des Moines, Saturday, February 18. He has defrauded a number of members of the Iowa Bankers Association and the American Bankers Association.

ciation. It is not known which way Penfield went, but probably will stop in some large city.

Please wire any information to this office.

Montana Bankers Association,  
Office of the Secretary.

Lewistown, Mont., February 9, 1911.

WARNING NO. 110.

A man giving the name of E. J. Catlin is charged with defrauding banks by means of forged checks, and is described as follows: Name, E. J. Catlin; residence, Nebraska; nativity, American; occupation, farm hand; age, about 25 years; weight, 150 lbs.; complexion, dark; color of hair, black; height, about 5 ft. 8 in.; build, rather stout; color of eyes, gray; style of beard, smooth shaven. Remarks: Dresses very commonly; usually wears cartridge belt; circumstances indicate that he may have gone to some point in Northeast Missouri.

For apprehension and conviction of Catlin on crime charged, the Missouri Bankers Association offers a reward of \$50.00; reward to remain in force for one year from January 25, 1911, and to be paid under the rules of that Association. If located, arrest and wire the Sheriff of Morgan County, Versailles, Mo.

Look out for a party traveling under the name of Chas. Anderson, who has been drawing checks on banks in Northeastern Montana, which the banks return marked "no funds." He claims to be a fireman on the Great Northern Railroad, is said to be a heavy drinker, is said to have the checks cashed in saloons; claims to be interested in a steam threshing outfit. He has signed the name of Ed Olsen on checks thus far negotiated. If he appears arrest and wire the Bank of Bainville, as well as the Bank of Plentywood.

North Dakota Bankers Association,  
Office of the Secretary.

Fargo, N. D.

BULLETIN NO 111.

Look out for fraudulent checks drawn on the First National Bank of Cando, signed Lester Thompson, or L. J. Thompson.

Certificates of Deposits No. 919 and No. 1521, issued by the First National Bank of Starkweather, in favor of Jennie Braaten for \$28.00 and \$25.00, respectively, have been lost or stolen.

Texas Bankers Association,  
Office of the Secretary.

Austin, Texas, Feb. 21, 1911.

WARNING NOTICE!

Members are urged to be on their guard for a slick article, operating with forged certified checks on the Exchange National Bank of Montgomery, Ala. He was in Jefferson, Texas, on the 7th inst., and in Overton, Texas, about the same date. In Jefferson he used the name of Edw. E. Davis, and in Overton the name of Ervin E. Davis. He represents himself as buying land, and his plan is to deposit a \$1,000 forged, certified check on the above mentioned bank in Montgomery, Ala., draw from \$100 to \$300 thereon, and then skip before the Transit report comes back from Alabama.

This man Davis is rather heavily built, about 5ft. 8 in. in height, weighs about 165 pounds, and is about 40 years old. Has fair complexion; dark hair, and has slightly grey eyes; is of good appearance, a good talker, and walks with a quick step. Claims to hail from New Orleans. A reward of \$200 has been offered for his identification and arrest. Warrants are in the hands of law officers at Jefferson and Overton, respectively. Please wire this office if your bank identifies the party, in order that we may get our Association officer after him before his trail is lost.

A precisely similar trick was worked on one of our members on the 11th inst., at Alice, Texas. This time the party gave the name of Howard E. Smith. The fact that he told the same kind of story and used a forged certified check on the same bank in Montgomery, Ala., makes us suspect that he is the same party who worked Jefferson and Overton, Texas, a few days earlier in the name of E. E. Davis. A warrant has been issued for Smith's arrest; and members are asked not only to be alert to avoid being swindled, but are also requested to wire this office at once, if they have reason to believe they have identified and located either of these men.

The bank at Alice states that Howard E. Smith's description answers to that of the man Howard E. Farnsworth, mentioned on page 470 of the Bulletin of the American Bankers Association for February, who had swindled in Brooksville, Fla., with forged certified checks drawn on a bank in Elliott, Mass. His description given therein is as follows: "38 years of age, 5 ft. 8 in. tall, weighs 160 lbs.; heavy build, square broad shoulders, dark hair, dark eyes, ruddy complexion, smooth shaven, a good dresser, fluent, convincing talker. He wore a blue suit, tan shoes, black overcoat, and brown alpine hat crushed in the middle."

Montana Bankers' Association,  
Office of the Secretary.

Lewistown, Mont., February 23, 1911.

WARNING NO. 111.

This office is advised this morning that the following described counterfeit five dollar note made its appearance at Portland, Ore., February 10, and has been rather extensively circulated there:

On the Mechanics & Metals National Bank, of the City of New York. Series of 1902-1908; check letter C; W. T. Vernon, Register of the Treasury; Lee McClung, Treasurer of the U. S.; charter number 1250; bank number 3927; Treasury number U124911; portrait of Harrison.

Defects: Treasury in "Register of Treasury" is spelled "Treasnrng;" on back of note in the wording in the panel at the bottom "imports" is spelled "diports;" note is printed on bond paper of good quality, red and blue ink lines being used to imitate the silk fiber in the genuine paper.

Please notify both this office and Thomas B. Foster, care of U. S. Secret Service, Seattle, Wash., promptly of the appearance of any of these notes or other counterfeits.

Credit Blanks.

There was published in the May issue of the Journal a description of credit blanks and a questionnaire for use in the credit department of banks, which forms were prepared by Mr. James G. Cannon, of New York City, and reproduced in the Journal mentioned. The prices were also quoted at which they can be obtained in quantities of 250 up to 1,000.

Anyone desiring these forms can send their order to the General Secretary of the Association, who will forward same to the printer, and the blanks will be shipped direct to the purchaser, together with bill.

Official Badges.

After providing for the delegates who attended the Los Angeles convention, a few of the official badges prepared by the Association were left over. Any of our members not present at Los Angeles who would like one as a souvenir, can obtain same by writing to the General Secretary. These will be sent out in the order in which the applications are received until the supply is exhausted.

# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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No. 9.

FRED. E. FARNSWORTH, PUBLISHER  
General Secretary American Bankers Association

THOMAS B. PATON, EDITOR  
General Counsel American Bankers Association

W. W. WAINE, ASSOCIATE EDITOR

## PASSAGE OF ALABAMA BANK BILL.

The secretary of the Alabama Bankers' Association under date of February 24th forwarded the following communication to the American Bankers Association:

"The Bank Bill as prepared by the Alabama Bankers' Association passed Thursday (February 23rd, 1911) unanimously in the Senate, and only five voting 'no' in the House. Several attempts were made to weaken the bill by amendment, but on motion to table the friends of sound banking won in each instance. Only one minor amendment was made to the measure as prepared by the association and this was agreed to by our committee. Governor O'Neal, who rendered every possible assistance, will sign the bill promptly. It goes into effect thirty days afterwards."

The bill creates a Banking Department of the State of Alabama charged with the execution of all laws relating to corporations and individuals doing or carrying on banking business in the State and provides for the regulation, examination and supervision of banks and banking and the punishment of certain acts relating thereto. It embodies many of the best features of the banking laws of other States. The following extracts from a letter written early in January by the General Counsel of this association in response to a request for his opinion upon the proposed bill, may be of use in illustrating some of the good features of the measure:

"Pursuant to request, I have carefully examined the provisions of the proposed Bank bill. In my judgment it is a most desirable measure and one which will promote sound banking in the State.

"In the existing laws of Alabama there are certain provisions for the examination and regulation of banks and trust companies, but the proposed bill, if enacted, will provide a vast improvement and give the banking law of Alabama a rank among the best systems in the country.

"A majority of States now have Banking Departments in charge of a superintendent, or like official, charged with the supervision of the banks and the enforcement of the banking laws. The proposed bill not only creates a Bank Department, but supplies a number of essential features which are lacking in most State systems.

"Among these is the power vested in the Superintendent, subject to final mandate of the court, to re-

fuse permission for the opening of a new bank, or a branch bank, when in his judgment the public interests do not require it, or the character and fitness of the proposed organizers are not such as to warrant such permission. In many States, the Bank Departments are powerless to prevent the establishment of banks, notwithstanding such conditions. For example, in his annual report for 1909 the State Bank Commissioner of Idaho says:

"The gain of eighteen banks within the past year is the largest since the passage of the banking act. In some cases I believe new banks have been organized in communities where ample banking facilities are already provided. Where such conditions exist, I feel as if the Commissioner should be given authority to refuse to issue a charter. This would apply to irresponsible or inexperienced parties desiring to engage in the banking business within our State. The banking law at the present time compels the Commissioner to charter any or all banks irrespective of location or responsibility of interested parties, provided they comply with the law in organizing."

"In his report under date of November 1, 1910, the Bank Superintendent of Minnesota likewise says:

"During the last few years there has been a great craze for the establishment of banks by our financial and business men and by some that, I might say, can hardly be classed as business men. Many times the points selected for the incorporation of banks are such that in my opinion there should be some restrictions provided. Often the main reasons for desiring to incorporate a new bank are business jealousies or factional fights on the part of the proposed incorporators; and the Superintendent asks the legislature to vest either in him, or in a permanent commission appointed for the purpose, discretion to refuse charters in such cases.

"Again, in Nebraska, in a report to the Governor under date of February 1, 1910, the Secretary of the State Banking Board calls attention to the establishment of banks where banking facilities are already adequate for the needs of the community, which 'often results in two, or three, or more weak or poorly paying banks where fewer would be stronger and safer and meet all the requirements.' The Secretary says that 'repeated instances coming to this department clearly indicate the necessity' of giving to the Banking Board 'a legal right, when application is made for a charter for a bank, to decide on the qualifications, the financial ability, the past record of the proposed management, and to determine whether or not the community where the proposed bank is to be established justifies the venture.'

"It is unnecessary to cite other experiences of like nature. In my opinion, the proposed bank bill for Alabama provides an ideal regulation of this situation,



not alone protecting the public from the organization of unnecessary or undesirable banks, but, through the final arbitrament of the courts, protecting the rights of organizers in any case where permission should be improperly or arbitrarily refused.

"Another most desirable feature provided by the proposed bank bill which is lacking in most State systems, is the power vested in the Superintendent, in conjunction with the Banking Board, to regulate unsafe or irregular practices and to take possession of a bank in any case thought necessary. In many of the States, the Superintendent, notwithstanding the existence of unsafe practices, is powerless to prevent them, and is limited to reporting the facts to the Attorney General who may, or may not, institute a proceeding in court for the closing of the institution. I will make but one citation on this point. In the 1909 report of the Bank Commissioner of Missouri, he says:

"The authority of the Bank Commissioner should be strengthened in regard to the control of banks doing an unsafe and unauthorized business, but which are not insolvent. Under the present law and the decisions of our courts, the authority is restricted to making requirements of the banks doing business in an unsafe, illegal or unauthorized manner and provides that he may order them to discontinue these practices, and if they refuse he can then notify the Attorney General, who may then notify the court and ask for such orders as he may deem proper. The arm of the Bank Commissioner should be strong enough to enforce any order that he makes upon any banking institution of the State, subject to the review of the courts. If you give the Bank Commissioner this authority, you will have very few cases where the full exercise of his authority will be needed, for the fact that he has authority to enforce his orders will cause any legal demand that he makes upon any banking institution of the State to be obeyed."

"Another most desirable feature of the proposed banking bill is the power given the Superintendent to liquidate a bank through an agent or deputy, instead of liquidation being conducted by a receiver appointed by the court. The Banking Law of New York was amended in this way in 1908, and the economy in time and expense of liquidation is most marked. The Bank Commissioner of Ohio, in his report dated December 1, 1909, calling for similar legislation, says:

"Experience has proven that the present manner of liquidation in New York by the Department of Banks and Banking has resulted in a large saving to the creditors of every failed bank and in many instances has made it possible for the failed bank to be reopened and go on with a prosperous career."

"In Minnesota, the public examiner in his report of October, 1908, recommending the New York legislation for his State, says: 'This is one of the new measures instituted on the recommendation of Govtation for his State, says: 'This is one of the new with former receiverships by which favored attorneys and politicians absorbed the lion's share of the assets and thereby robbed depositors, creditors and stockholders.'

"The official reports submitted by the heads of banking departments in a number of States abound with instances of expensive and long-protracted receiverships, and many of the more recent reports call for corrective legislation similar to that of New York. The provisions of the proposed banking bill of Alabama adequately cover the subject and are, in my opinion, a most important part of the measure, although with the adoption and enforcement of the wise provisions of the bill as to the establishment of new banks and relating to general supervision, control of unsafe practices and examination, the contingency of bank failures will be much lessened.

"The provision in the bank bill for two examinations each year is important. In Minnesota, prior to 1909, it had been the ambition of the department to give the banks two examinations each year, but this policy could not be carried out because of insufficient appropriation. In 1909, the Legislature passed an act providing for two examinations, in consequence of a report from the department, in which it was said: 'The supervision and examination by the State over this vast trust misleads and deceives unless it

is strict, thorough-going and reliable; and the comparatively small additional expenditure necessary to give each bank or other financial institution the needed two examinations a year is perhaps the cheapest form of insurance which the State can give the great army of depositors.'

"The semi-judicial functions given the superintendent in the proposed bill are, in my opinion, most desirable; they strengthen his power in getting at the precise facts as to a bank's condition.

"The provisions for the issuance of clearing house certificates payable on time, certified by a trustee with whom securities, duly appraised, are lodged, seem well calculated to provide, in time of panic, a needed substitute for currency, surrounded by all necessary safeguards. I have not had time to investigate the question whether the certificates so provided would be of such character as not to be subject to the Federal ten per cent. tax, but I presume the draftsmen of the act have thoroughly considered this question.

"I will not attempt in this letter to go into the details of the proposed bank bill with regard to supervision, examinations, reports, reserve, restrictions upon loans and other necessary safeguards, or the penalties imposed for violations of the act. It is sufficient to say that I regard the bill as a well-constructed measure, which will provide a sound banking system for the State. Its provisions are such as to prevent the establishment of unnecessary or undesirable banking institutions, to insure the conduct of the business of banks in a safe and proper manner and, in case of liquidation, the winding up of the affairs of the institution with the greatest economy."

#### SAVINGS BANK SECTION SECRETARY.

The most important duty that has fallen upon the executive committee of the Savings Bank Section during the present year has been the selection of a successor to the esteemed secretary, the late William Hanhart. The committee has approached the matter with no other thought in mind than to find one well fitted by training and temperament to take up the work he so ably administered for so many years.

After due deliberation, the committee agreed to leave the appointment with President Robinson, subject to final ratification at the May meeting at Nashville. On February 20th, Mr. Robinson had a personal interview with William H. Kniffin, Jr., cashier of the Home Savings Bank of Brooklyn and tendered him the appointment, which was accepted.

Mr. Kniffin comes to the association with the endorsement of some of the largest savings banks in New York, as well as other prominent banking interests of the city, together with New York chapter, American Institute of Banking, with a membership of over fifteen hundred, of which organization he is secretary and has served with great acceptability.

While still a young man, his savings bank training extends over a period of twenty years and more, sixteen of which were in the service of the Rondout Savings Bank of Kingston, N. Y., and the balance with the Home Savings Bank, of which he has been cashier since its organization in 1906. His published works on savings banking and frequent contributions to financial magazines on practical and theoretical savings bank topics have won for him the distinction of an authority. He is a tireless worker, deeply in love with his work, and has an aptitude for making friends. The committee feel that he will make a worthy successor to Mr. Hanhart and bespeak for him the hearty support and co-operation of every members of the Section. The appointment became effective on March 1st.



# LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

## THE OKLAHOMA BANK GUARANTY DECISION.

In the February Journal we published the full opinions of the United States Supreme Court upholding the constitutionality of the Oklahoma, Nebraska and Kansas deposit guaranty laws, which were handed down January 3, 1911. Subsequently a petition for rehearing was prepared in the Oklahoma case and motion made for leave to file the same. This motion was denied on February 20th, the Supreme Court through Mr. Justice Holmes delivering the following opinion:

### SUPREME COURT OF THE UNITED STATES.

No. 71. October Term, 1910.

The Noble State Bank, Plaintiff in Error, vs. C. N. Haskell et al. On motion for leave to file petition for rehearing.

February 20, 1911.

Mr. Justice Holmes delivered the opinion of the Court.

Leave to file an application for rehearing is asked in this case. We see no reason to grant it, but, as the judgment delivered seems to have conveyed a wrong impression of the opinion of the Court in some details, we add a few words to what was said when the case was decided. We fully understand the practical importance of the question and the very powerful argument that can be made against the wisdom of the legislation, but on that point we have nothing to say, as it is not our concern. *Clark v. Nash*, 198 U. S. 361, *Strickey v. Highland Bay Mining Co.*, 200 U. S. 527, etc., were cited to establish, not that property might be taken for a private use, but that among the public uses for which it might be taken were some which, if looked at only in their immediate aspect, according to the proximate effect of the taking, might seem to be private. This case, in our opinion, is of that sort. The analysis of the police power, whether correct or not, was intended to indicate an interpretation of what has taken place in the past, not to give a new or wider scope to the power. The propositions with regard to it, however, in any form, are rather in the nature of preliminaries. For in this case there is no out and out unconditional taking at all. The payment can be avoided by going out of the banking business, and is required only as a condition for keeping on, from corporations created by the State. We have given what we deem sufficient reasons for holding that such a condition may be imposed.

## CERTIFIED CHECKS FOR CUSTOMS DUTIES.

The United States Senate on February 26th passed the Certified Check bill recommended by Secretary MacVeagh which passed the House about two weeks previous, making it lawful for collectors of customs and of internal revenue to receive for duties on imports and internal taxes certified checks drawn on banks and trust companies. When the House bill reached the Financial Committee of the Senate "Trust Companies" were eliminated and the measure was limited to certified checks drawn on national and State banks. Strong representations were made by the officers of the Trust Company Section of this As-

sociation showing the injustice of discriminating between State banks and trust companies and as a consequence, during the debate in the Senate, the eliminated words were restored so that the measure as passed includes certified checks drawn on trust companies. The full text of the measure is as follows:

"That it shall be lawful for collectors of customs and of internal revenue to receive for duties on imports and internal taxes certified checks drawn on national banks, State banks and trust companies during such time and under such regulations as the Secretary of the Treasury may prescribe. No person, however, who may be indebted to the United States on account of duties on imports or internal taxes who shall have tendered a certified check or checks as provisional payment for such duties or taxes, in accordance with the terms of this act, shall be released from the obligation to make ultimate payment thereof until such certified check so received has been duly paid; and if any such check so received is not duly paid by the bank on which it is drawn and so certifying, the United States shall, in addition to its right to exact payment from the party originally indebted therefor, have a lien for the amount of such check upon all the assets of such bank; and such amount shall be paid out of its assets in preference to any or all other claims whatsoever against said bank, except the necessary cost and expenses of administration, and the reimbursement of the United States for the amount expended in the redemption of the circulating notes of such bank.

"Section 2. That this act shall be effective on and after June first, nineteen hundred and eleven."

## BILL OF LADING LEGISLATION.

Notwithstanding the making of every effort, the Committee on Bills of Lading of this Association were unable to procure a hearing upon the Stevens Bill by the Senate Committee on Interstate and Foreign Commerce at the short session of Congress and consequently this measure which passed the House last June, has not become a law. Having been successful in procuring the passage of the measure through the House at the last session and also in obtaining preliminary hearings thereon by the Senate Committee to which it was referred, strong hopes were entertained, that at the short session, just ended, the Senate Committee would take up and report the bill favorably and that its passage by the Senate would follow. But there were several causes which contributed to prevent this looked-for outcome. In the first place, the Senate Committee on Interstate and Foreign Commerce was disarranged owing to the death of its Chairman, Senator Elkins, and of Senator Hughes, of Colorado; then again, the session, being a short one, the time for the consideration of important measures was limited, and furthermore, owing to the changes brought about by the November elections, the spirit seemed to be lacking, to take up and urge this particular measure, notwithstanding

its importance to the commercial and banking interests. At a meeting held by the Senate Committee on Interstate and Foreign Commerce on January 23, the question was discussed whether the proponents of the bill should be given a hearing, and it was then decided that no hearing would be given and no action taken on the bill at the short session and representatives of our committee were informed that this adverse decision was not owing to any feeling that the bill lacked merit, but solely to conditions in the Senate which, the friends of the measure said, made it impossible for the bill to pass this year, even were it reported out of committee; therefore, a hearing would be futile.

It is, of course, regrettable that after having made such good progress in the 61st Congress, the bill should fall in the upper House; but no effort has been spared on the part of the Committee on Bills of Lading to further its progress and at the beginning of the next session the bill will be reintroduced and again urged with the utmost vigor.

In the meantime the Uniform Bills of Lading Act was, at the beginning of the year, placed in the hands of the appropriate Committees of State Bankers Associations in all the States where the legislatures convened in January and the promotion of this measure has been actively pushed. It is too early as yet to report the results of this campaign for State legislation.

**ASSOCIATION MEASURES IN WYOMING.**

Recent advices from the State of Wyoming are to the effect that the Legislature has passed three of the proposed laws recommended by our association, namely:

An act relative to payment of deposits in trust;

An act relative to payment of deposits in two names;

An act to punish derogatory statements affecting banks.

We are further advised that the bill relating to false statements to obtain credit failed to pass.

**OPINIONS.**

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

**CERTIFICATES OF PROTEST IN ILLINOIS**

Certificate of protest of foreign notary competent evidence of dishonor of foreign bill of exchange, but not of foreign promissory note, by virtue of common law rule—Certificate of protest of notary within State competent evidence of demand, dishonor and notice in case of inland bills, notes and checks, by virtue of sections 12 and 13 (unrepealed) of act of 1872, notwithstanding repeal of sections 10 and 11 of that act by Negotiable Instruments Law—Necessity of additional legislation considered.

From Illinois.—We are advised that the effect of the repeal by a provision of the Negotiable Instruments Law, in effect in this State July 1st, 1907, of Sections Ten and Eleven of an act to provide for the appointment, qualification and duties of Notaries Public and certifying their official acts approved April 5th, 1872, in force July 1st, 1872, and the failure to provide any statute in their place is that "The certificate of a foreign notary public as to presentment and demand for payment and notice of dishonor is incompetent to establish or tend to establish such facts as to a promissory note, although evidence of them as to a foreign bill of exchange" as laid down in *Vaughan vs. Potter*, 131 Illinois App. 334.

We are further advised that as a result of this statutory deficiency the holder of a promissory note, check or inland bill of exchange would be under the necessity of proving presentment, demand, dishonor and notice of dishonor by depositions in case of a contest of a claim of an indorser's liability.

If this opinion is correct it is a matter of grave importance and in our opinion some steps should be taken to bring about additional legislation. Before taking any steps in the matter, however, we write to inquire whether you agree with the opinion above expressed.

I do not understand that the repeal of Sections 10 and 11 of the Act of April 5, 1872, in any way changed the law as to the effect of certificates of foreign notaries as evidence in the State of Illinois. Those sections did not relate to foreign notaries at all, but to notaries in the State, and I am not aware that a statute was ever enacted in Illinois relating to certificates of protest of foreign notaries or enlarging the

common law rule that such certificates are evidence only in the case of foreign bills of exchange; therefore the law of Illinois as to the evidential effect of foreign notaries' certificates is the same now as it was before those two sections were repealed. Whether such repeal changed the law as to the effect of a certificate of protest of an inland bill or note, made by a notary in the State, as evidence of demand and notice, I will presently consider.

To explain the situation a little more clearly, as leading up to the question whether additional legislation is necessary, it may be stated briefly that, at common law, the certificate of protest of a notary public was evidence of only one thing, namely, demand of payment and dishonor of a foreign bill of exchange. It had no such effect as evidence in the case of inland bills and promissory notes. Concerning foreign promissory notes, the courts in a few states have held that where a promissory note payable in one State, was indorsed in another, such indorsement was equivalent to the drawing of a new bill by the indorser upon the maker, payable in another State and that this made the certificate of protest of the foreign notary competent evidence in the State of the indorser to prove the dishonor; but in other States, including Illinois, it has been held that the certificate of protest of a foreign notary is not admissible as evidence to prove dishonor of a foreign promissory note.

In Illinois, therefore, in the absence of statute, the common law rule has limited the evidential effect of the certificate of protest of a foreign notary to proof of dishonor of foreign bills of exchange and has not extended this rule to foreign promissory notes.

Coming to certificates of protest of notaries within the State, of inland bills, notes and checks, while at common law, such certificates were not evidence of demand, dishonor or notice, it was early recognized that the notarial certificate was a convenient method

of proving these facts and it became quite general for state legislatures to enact "permissive" statutes on the subject; that is to say, statutes which permitted, but did not require, notarial protest of inland bills and notes (demand of payment and notice of dishonor without formal notarial protest being all that the common law required to hold indorsers) and making notarial certificates of protest of inland paper competent evidence of demand and dishonor, and in some cases, of notice of dishonor as well, where the notary was authorized or required to give notice of dishonor. The statute of Illinois having this purpose in view, was enacted originally in 1828, and later became sections 10, 11, 12 and 13 of the Act of April 5, 1872, (Sections 10 and 11 of which having since been repealed) as follows:

"Section 10. It shall be the duty of each and every notary public in this State whenever any bill of exchange, promissory note or other written instrument shall be by him protested for non-acceptance or non-payment, to give notice in writing thereof to the maker and to each and every indorser of any bill of exchange and to the maker or makers of, and each and every security or indorser of any promissory note or other written instrument, on the same day the said protest is made or within 48 hours of the time of such protest.

"Section 11. It shall be the duty of each and every notary public personally to serve the notice upon the person or persons protested against, provided he or they reside in the town, precinct, city or village where such protest was made, or within one mile thereof; but if such person or persons reside more than one mile from the town, precinct, city or village, then the said notice may be forwarded by mail or other safe conveyance. If a city where a protest is made contains 10,000 or more inhabitants, the notice may be forwarded by mail.

"Section 12. Each notary public shall keep a correct record of all such notices and of the time and manner in which the same are served, the names of all the parties to whom the same are directed and the description and amount of the instrument protested.

"Section 13. Said record, or copy thereof, duly certified under the hand and seal of the notary public or county clerk having the custody of the original record, shall be competent evidence to prove the facts therein stated, but the same may be contradicted by other competent evidence."

This statute, it will be observed, related solely to notaries public "in this state;" section 10 making it the notary's duty, whenever he made a protest to give notice of dishonor, section 11 prescribing the mode of giving notice, section 12 requiring the notary to keep a record of notices and of instruments protested, and section 13 making the notary's certificate of protest and notice, as shown by his record, competent evidence to prove the facts therein stated. The Supreme Court of Illinois (Bond v. Bragg, 17 Ill. 69; McAllister v. Smith, 17 Ill., 328) construed this statute as making it permissible, but not necessary to protest promissory notes and inland bills of exchange and held that it made a statutory rule of evidence for the courts of Illinois about the records of officers of Illinois, viz., "notaries public in this state" but did not make the records or certificates of notaries public out of this state and not its officers, evidence in this state in cases where before they were not so. The Supreme Court of Illinois also held (Montellus v. Charles, 76 Ill. 303) that in the case of an inland bill of exchange,

of protest made by a notary in the state was prima facie evidence of demand of payment and notice of dishonor.

At the time of the enactment of the Negotiable Instruments Law in Illinois, therefore, certificates of foreign notaries were, by common law, competent evidence of dishonor of foreign bills of exchange, but not of foreign promissory notes, and certificates of notaries in the state were by statute, competent evidence of demand and notice in case of inland bills, notes and checks.

What was the effect, then, of section 196 of the Negotiable Instruments Law which provides "that sections 10 and 11" of the act approved April 5, 1872 "are hereby repealed?"

The repealed sections are those which make it the duty of a notary in the state to give notice of dishonor, whenever he makes a protest, and also prescribe the mode of giving such notice. The unrepealed sections are those which require the notary to keep a record of his official acts and make the notary's certificate of protest and notice competent evidence of the facts therein stated. Furthermore the Negotiable Instruments Law contains provisions which authorize notaries public to make protests (Sec. 153), and which permit, but do not require the protest of inland bills, notes and checks. This latter provision (Sec. 117) is as follows: "Where any negotiable instrument has been dishonored, it may be protested for non-acceptance or non-payment, as the case may be, but protest is not required except in case of foreign bills of exchange."

In view of the foregoing, there does not appear to have been much change effected by the enactment of the Negotiable Instruments Law and the repeal of sections 10 and 11 of the act of 1872. The law as to certificates of protest of foreign bills of exchange remained the same; and as to protest of domestic paper, while the Negotiable Instruments Law repealed section 10, which made it the duty of the notary to give notice whenever he made a protest and to that extent changed the law, nevertheless the new statute authorizes protests by notaries of domestic paper and whenever the notary does give the customary notice and so states in his certificate, the same will be competent evidence by virtue of the unrepealed sections, 12 and 13 of the act of 1872.

The repealed section 11, related only to the manner of giving notice of dishonor and the Negotiable Instruments Law has its own provisions on that subject.

In conclusion, therefore, as to the necessity of further legislation in Illinois upon the subject of the evidential effect of certificates of protest:

1st. Certificates of protest of foreign notaries. These by the rule of the common law are prima facie evidence of demand and dishonor of foreign bills of exchange.

Where the foreign notary also serves notice of dishonor and certifies the fact, it is held in a number of states that, in the absence of statute, the giving of notice being no part of the official duty of the notary, his certificate is not competent evidence of notice of dishonor. In Illinois, however, if the court in *Vaughan v. Potter*, 131 Ill. App. 334, correctly states the law of your state, the foreign certificate is also competent evidence of notice. The court says

ERRATA

The line

"made and payable in the state, a notary's certificate" at top of first column on page 518, should be transposed to top of second column on page 517.



made and payable in the state, a notary's certificate (See page 340) "the notarial certificate of protest by a foreign notary is in the case of such instruments (foreign bills of exchange) not only evidence of the presentment, dishonor and notification of indorsers, but frequently the only evidence allowable by the law merchant." But the certificate of a foreign notary as to demand and notice in case of a promissory note is not, and never was, competent evidence in Illinois to establish those facts, and additional legislation will be necessary if it is desired to make the foreign notarial certificate evidence in such cases.

2nd. Certificates of protest of notaries in the state. The existing statutes (N. I. L.) permit but do not require, protest of negotiable instruments other than foreign bills of exchange, (Sec. 117) by notaries public (Sec. 153), and make the record and certificate of the notary, competent evidence of demand and notice (unrepealed sections 12 and 13, act of 1872) in case of inland bills, checks and notes. Although the notary is no longer required to give notice of dishonor, as part of his official duty, still it is competent for him to do so as agent of the holder, and where he does give notice of dishonor, I think his certificate stating that fact would be competent evidence under sections 12 and 13 of the act of 1872, although it might be well that a new statute be enacted, covering the matters now provided by said sections 12 and 13, with any additional provision deemed necessary in enlargement of the probative force of foreign notarial certificates, the proposed act to be drafted in more complete harmony with the provisions of the Negotiable Instruments Law than is now provided by the beheaded provisions, sections 12 and 13 of the act of 1872.

#### IDENTIFICATION OF PAYEE.

**Person who verbally identifies payee of check to purchasing bank not liable to make check good in event of non-payment, provided no false representation is made by identifier—To hold person identifying payee liable in event of dishonor such person should be required to indorse check.**

From Arizona.—Mr. Jones presents a check drawn in his favor upon another bank, to our bank and requests that we cash same. We not being acquainted with Mr. Jones, ask him to be identified. He steps out and brings in Mr. Smith, who is known to us, to identify him. We send the check on for collection and it is returned unpaid for cause. Are we able to hold Mr. Smith good for this check in case we are unable to locate Mr. Jones, or in case Mr. Jones fails to reimburse us for the amount of the check—the paying teller making a pencil note on the check that Mr. Smith identified Mr. Jones? Then on the other hand if Mr. Smith indorses the check after Mr. Jones, can we not hold Mr. Smith in both instances? Of course, if Mr. Smith should qualify his identification by saying that he knows this man to be Jones, but says that he knows nothing about the check and will not stand responsible for it, I presume it is discretionary on our part whether we pay the check assuming that responsibility ourselves. I consider when we ask a man to be identified and he brings some one in who is acquainted with him and the bank, that it is with the knowledge and understanding that he stands between us and any loss that might be incurred by non-payment of the check.

A man who merely identifies the payee of a check

to the bank which has been asked by the payee to purchase the check, does not thereby guarantee that the check will be paid or agree to make it good in case it is not paid. If the person identified as the payee is the real payee named in the check, so that there is no false representation upon which the bank relies to its injury, the identifier cannot be held liable to the bank which cashes the check in the event of its dishonor. In order to hold the identifier responsible to the purchasing bank in case of dishonor of the check, he should be required to indorse it; then in the event of non-payment he could be held liable as indorser, if duly charged by demand and notice.

In other words, to bind a third person upon a promise to pay a check, which is the debt of another, in the event of its dishonor, such promise must be made in writing, as by indorsement; a verbal promise or guaranty to this effect, even if expressly made, would not be binding and much less would such a promise be implied merely from the fact that such person has verbally identified the payee.

The only ground upon which a person who identifies the payee to a bank which purchases the check can be held liable where he does not indorse it, is that of deceit, or because of false representation as to a fact upon which the bank has relied to its injury. Where the only representation made is that Mr. Jones, who presents the check, is the payee named therein, and this is true, there is no false representation and no liability in the event the check is not paid.

#### PENCIL MEMORANDUM ON CHECK.

Where a check is dated February 6th and, in left hand corner is a pencil memorandum "to be used Feb. 8th," bank cannot safely pay before later date.

From New York—We would thank you for opinion as to when the following check is legally payable:

No. 1000. New York City, Feb. 6, 1911.

AMERICAN BANKERS BANK.

Pay to the order of Richard Roe \$500.00  
Five Hundred & 00/100.....Dollars.  
To be used  
Feb. 8th, 1911.

(Signed) John Doe.

"To be used Feb. 8th, 1911" written on corner of check with lead pencil. Is this the date to be considered by the paying bank, or the date which appears in the usual place?

Whether the pencil memorandum "to be used February 8, 1911," written on the left corner of the check is to be regarded as a part of the check, fixing its time of payment, or only as a marginal memorandum, at all events it would seem to constitute plain notice to the bank on which the check is drawn that the drawer had delivered the check upon condition that it was not to be used until the stated date, and therefore the bank should not pay until that date. To pay the check on the 6th or 7th in the face of such a memorandum would, I think, subject the bank to the risk of its depositor's questioning the validity of the payment should it turn out that there was any misuse by the holder of the check or its proceeds, contrary to agreement with the drawer.



**ACCOMMODATION INDORSER.**

**Liable to holder for value under the Negotiable Instruments Law.**

From New York.—Please advise us whether any recent legislation has been passed, or any decision handed down, which affect the value of an accommodation indorsement on a note in the hands of a third party who was unaware of the nature of said indorsement at the time when the paper came into his possession.

I know of no legislation or recent decision which would have the effect of destroying the value of an accommodation indorsement on a note in the hands of a holder in due course. The provision of the Negotiable Instruments law on the subject is as follows:

"An accommodation party is one who has signed the instrument as maker, drawer, acceptor, or indorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such a person is liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party."

**CORPORATION TAX LAW.**

**Clause providing that corporation may deduct taxes paid from gross income does not authorize deduction by bank where tax is levied against shareholders and bank pays tax for shareholder.**

From Ohio.—I enclose copy of a circular letter recently issued to Ohio banks from the Collector of Internal Revenue and would like your advice whether the position therein taken is correct:

Office Collector Internal Revenue.  
Cleveland, Ohio, January 12, 1911.

Dear Sir.—This office is in receipt of a recent ruling of the Commissioner of Internal Revenue, in which he states that he is advised that it is the general practice among banking corporations in Ohio, to pay all State, County and Municipal taxes charged against the entire stock and to deduct the full amount so paid from the gross income, in making up returns under the Federal Excise Tax Law of August 5, 1909.

He holds that the stock in such a corporation is the property of the individual owner of the same and the liability to tax thereon is against him and not against the corporation, which is not legally bound to make payments of taxes from its stockholders.

He therefore holds that such taxes paid by the bank on its own stock are chargeable to the individual stockholders and are not proper deductions from gross income. If, therefore, in making up your return for 1909, you deducted taxes on stock from the gross income, you will please make an amended return on the enclosed blank form, in which you will eliminate the amounts so deducted.

Kindly advise this office promptly, whether or not your bank did pay such taxes and deduct them in making the return, and if so, you will please file an amended return for 1909, as soon as possible.

Yours respectfully,  
(Signed) A. N. RODWAY, Collector.

The Corporation Tax Law (assuming its constitutionality will be upheld) provides a special excise tax equivalent to one per cent. upon the entire net income over and above \$5,000 received from all sources during the year; and that "net income shall be ascertained by deducting from the gross amount of the income of such corporation \* \* \* (4th) all sums paid by it within the year for taxes imposed under the authority of the United States or of any State or

Territory thereof or imposed by the government of any foreign country, as a condition to carry on business therein \* \* \* "

In Ohio, it appears, taxes are not levied against the bank upon its capital, but the shares in the hands of stockholders are taxed (Rev. Stat. Sec. 2762), the tax constituting a lien on the shares and if not paid "by the shareholder" transfer of delinquent stock is prohibited (Sec. 2389). It is furthermore permissible for the bank to pay the tax and deduct the amount from dividends due or which may become due the shareholder or from any funds in its possession belonging to the shareholder (Sec. 2840).

I am inclined to the opinion that, in this situation, the courts would be likely to sustain the contention of the Commissioner of Internal Revenue and hold that the right to deduct "all taxes paid by it (bank) within the year for taxes imposed" is simply a right to deduct taxes paid by the bank when assessed against it upon its capital or property and not a right to deduct sums paid by the bank for taxes imposed upon the shareholder with respect to his shares for which there is right of reimbursement.

The Supreme Court of the United States has made it clear that a tax upon the shareholder with respect to his shares is not a tax upon the bank with respect to its capital or property, so that where the shareholder is taxed, even though the tax is paid by the bank as agent, there is no right to deduct the value of exempt United States bonds owned by the bank, as is the case where the bank itself is taxed upon its capital or property.

It being clear that a tax imposed upon the shareholder is not a tax imposed upon the bank, although the bank may pay it as its agent, I believe the courts would hold that the provision of the Corporation Tax Law above quoted, would not authorize a deduction by the bank of taxes so paid, not upon its own property, but for another and upon such other's property, and that the right of deduction only exists where the tax is paid by the bank as its own obligation.

This view is strengthened by the nature of the deductions from gross income allowed by the act. The object is to reach the net profit or revenue, called net income, by taking from the gross revenue or income such matters of expense or loss as are incurred and go to the diminution of profits. Expenses, losses not compensated by insurance, interest payments and tax payments are all of this nature. If a loss is compensated by insurance it is not deductible. So where a tax is paid, not by the bank as its own obligation but as the obligation of another for which it obtains reimbursement, the sum so paid would not, in my opinion, be held to be deductible within the reasonable meaning of the act. True, literally, the tax imposed upon the shareholder and paid by the bank is a "sum paid by it for taxes imposed under the authority" of a State; but if it were to be held that subdivision 4 authorized deductions of all amounts paid by the bank for taxes owing by others and was not confined to taxes owed by the bank, such a construction would permit deduction to be carried to an unreasonable length, wherever the corporation paid taxes as agent of others in various capacities.

For these reasons, I am of opinion the courts

would hold that the right of deduction given in the fourth subdivision is limited to taxes paid, which have been assessed against the bank itself upon its own property.

**"PREVIOUS INDORSEMENTS GUARANTEED."**

The words "previous indorsements guaranteed" are an express guaranty of validity of prior indorsements and bank which pays check bearing prior forged indorsement may recover of guarantor.

From Oklahoma.—Kindly give me your opinion as to whether an indorser's liability as to previous indorsers ceases when the bank on which the check is drawn has paid the check. We have a case wherein we paid a check with a forged indorsement, and two banks indorsed with the words "Previous indorsements Guaranteed." Can we compel these banks to secure proper indorsement or refund the amount?

The liability of an indorser does not cease upon payment of a check where a prior indorsement has been forged. In the case you submit, you can have recourse on the banks that guaranteed the indorsements for the money paid. In the Journal for February, 1911 (pages 468 and 469) is published a somewhat similar case and reference is made to a decision of the Supreme Court of Pennsylvania to the effect that an indorsement by a bank "prior indorsements guaranteed" makes it an express guarantor of the validity of the prior indorsement. This will doubtless answer your purpose without the citation of other cases.

**INDORSERS ON CORPORATION NOTE.**

Liability of accommodation indorsers conditional on demand and notice—Fact that corporation is insolvent and that indorsers are directors does not dispense with these steps.

From Michigan.—Enclosed find copy of a note discounted by this Bank and placed to the credit of the Perfection Manufacturing Company:

\$1,000.00 North Adams, Mich., Feb. 5, 1910

On or before one year after date we promise to pay to the order of A. Williamson.... One thousand .....Dollars, At the Citizens Bank of North Adams, North Adams, Michigan. Value received, with interest at six per cent. per annum.

The Perfection Manufacturing Company, Due Feb. 5th, 1911. By C. H. Jones.

(Indorsers.)

- G. D. Pratt
- A. Williamson
- A. C. Ling
- R. D. Knight
- Chas. Kent
- H. H. Brick
- T. W. Smith
- J. H. Mann
- C. H. Jones

The company failed and we beg to inquire if the parties whose names appear on the back can be made to pay the note? They are all directors of the Perfection Manufacturing Company. The company have no funds at all to pay with, if the parties whose names appear on the back cannot be forced to pay the amount, can we force C. H. Jones, the gentleman who signed the note on the face, to pay the same? The funds for which this note was given was used to buy material for the above company.

1. The parties whose names appear on the back are liable as indorsers and can be made to pay the note provided due notice of dishonor was given them of its non-payment at maturity. These parties were accommodation indorsers upon the note of a corporation which was discounted for such corporation and the proceeds put to its credit. The Negotiable Instruments Law provides that

"An accommodation party is one who has signed the instrument as maker, drawer, acceptor or indorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such a person is liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party."

But the persons who signed their names on the back of the note being indorsers, their liability was conditional upon due demand of payment at maturity and due notice of dishonor. The note being in the possession of the bank at which payable, at maturity, such possession constituted a sufficient demand, but unless due notice of dishonor was given the indorsers, such indorsers not having waived notice would be released. You do not state whether such notice was given. The fact of the maker becoming bankrupt or insolvent does not dispense with notice of dishonor. See Moore v. Alexander, 63 App. Div. (N. Y.) 100, in which it is held that the fact that a corporation which executes a note is insolvent, does not excuse the failure of the holder in making demand of the corporation and in serving notice of non-payment on the indorser. Nor does the fact in the present case that the indorsers were directors of the maker corporation and as such presumably possessed of knowledge that the note would not be paid at maturity, in my opinion, dispense with the necessity of notice of dishonor. Mere knowledge of dishonor does not constitute notice as notice implies, in addition, an intention to hold the indorsers responsible.

In the present case, therefore, the indorsers of the note can be held liable provided they have received due notice of dishonor; otherwise not, unless there has been some special circumstance of waiver or excuse, not disclosed in your inquiry, which would be held to dispense with the necessity of notice.

2. C. H. Jones, the person who signed the note on the face, cannot be forced to pay the same by reason of such signature. The note is signed "The Perfection Manufacturing Co., by C. H. Jones," which is a form of signature that imports a corporate and not a personal obligation. Unless Jones, who is one of the indorsers, can be held in that capacity, he cannot be held at all.

**DISCHARGE IN BANKRUPTCY.**

**Creditor who has no notice or knowledge of bankruptcy proceedings prior to discharge and whose claim not listed in schedule, may recover from bankrupt.**

From Mississippi.—John Doe owes this bank a given sum, and is forced into bankruptcy; he advises his counsel that he does not want this bank's claim listed with the amount of his liabilities for he does not care to be relieved of this claim, as he desires to pay it. This course is taken and the claim is not listed, and does not show in the schedule filed. After his discharge, he has a change of heart, and decides that he does not care to pay the claim.

Can this bank sue and get judgment, or is the claim against him null and void on account of the fact that he has gone through the bankrupt court and received his discharge? The facts, as stated, can be substantiated. Your opinion on the subject will greatly oblige us.

If your bank had no notice or actual knowledge of the bankruptcy proceedings until after the bankrupt obtained his discharge, such discharge would not release the bankrupt and you can sue and obtain a judgment upon your claim. Section 17 of the National Bankruptcy Law provides that

"A discharge in bankruptcy shall release a bankrupt from all of his provable debts, except such as \* \* \* (3) have not been duly scheduled in time for proof and allowance, with the name of the creditor if known to the bankrupt, unless such creditor had notice or actual knowledge of the proceedings in bankruptcy."

It has been held in many cases that a bankrupt's discharge will not release him from any debt omitted from the schedule annexed to his petition where the omitted creditor had no notice or knowledge of the bankruptcy proceedings in time to have proved his claim and the Supreme Court of the United States has held (*Birkett v. Columbia Bank*, 195 U. S. 345) that knowledge of bankruptcy proceedings on the part of a creditor of the bankrupt, which is not acquired until after the discharge, though in time to prove his claim under Section 65 and to move under Section 15 to revoke the discharge, is not the "actual knowledge of the proceedings in bankruptcy" which is essential to the release, by the discharge, of the provable debts which have not been duly scheduled in time for proof and allowance.

If, however, during the pendency of the bankruptcy proceedings and prior to the discharge, your bank had notice or knowledge of such proceedings, the courts hold that the debt is released by the discharge although it is not scheduled; and even though the omission is intentional on the part of the bankrupt, this would probably not change the result (*Heim v. Chapman*, 171 Mass. 347), although if the omission was pursuant to an understanding between the bankrupt and the creditor, it may be that knowledge of the bankruptcy proceedings would not be fatal to the creditor and the bankrupt could not in such case successfully plead his discharge in a suit against him on the claim. (See *Webster City Steel Radiator Co. v. Chamberlin*, 115 N. W. 504; Iowa).

**THE "NO PROTEST" STAMP.**

**Where item is stamped "no protest" and letter enclosing item instructs that same be protested, safer course for collecting bank is to protest.**

From Mississippi.—In protesting checks, drafts, etc., is the collecting bank to be guided by the instructions contained in letter enclosing the collection or by notation on the item itself? For an instance, Bank A sends a check to collecting bank B. In the letter enclosing the collection, are printed the following: "Protest all items unless otherwise instructed. Items marked 'X' no protest." In the letter, there is no "X" marked opposite the amount of the item, but stamped across the item itself is "no protest," probably placed there by another party. In order to be free from any liability, what should the collecting bank do in case of non-payment?

I think the safer course for the collecting bank is to follow the instructions contained in the letter and protest the item. The letter contains a clear and positive instruction by the principal to the collecting agent to have the item protested and can safely be followed while, if the other course is taken, notwithstanding the paper is stamped "no protest" the collecting bank cannot be certain that the forwarding bank is without good reason to have protest made. For example, the stamp "no protest" may have been placed on the item by mistake or it may not have been placed on the instrument at its origin as, presumably, to be binding on all parties, or there may be some other good reason unknown to the collecting bank, why the item should be protested.

**PAYMENT OF SAVINGS DEPOSIT ON FORGED ORDER.**

**Under decisions, bank is protected where the person receiving payment presents the passbook and reasonable care is exercised in making the payment.**

From Kansas.—We are being sued by a savings bank customer for the amount of a check which said customer claims to be a forgery. Check and passbook were presented at our window by a man who had been in the habit of making deposits for said customer; the signature on the disputed check is identical with the genuine signature, and we are desirous of obtaining some decisions favorable to our contention. We take the position that savings bank customers are put upon notice when they accept our passbook with printed rules expressly touching this case, and within the last few years there have been some decisions sustaining the banker's position. We wrote you about one year ago regarding this same case and you quoted the court decisions which enabled us to win our case in the first court. The case has been appealed, however, and our attorney who attended to that case has been a very sick man and is now in California, and since that case has been tried, his law offices have been destroyed by fire and all his books, documents, etc., have been destroyed. Your letter was destroyed also, and we are asking you to favor us once more with these decisions.

I referred you, a year ago, to the case of *Langdale v. Citizens Bank of Savannah*, decided by the Supreme Court of Georgia, October, 1904. It is reported in 48 S. E. 708 and also in 121 Ga. 105. The official syllabus of the decision is as follows:



1. A depositor in a savings bank is bound by the reasonable rules of the bank, to which he assents by an agreement in writing.

2. A rule providing that "every effort will be made to protect depositors against fraud, but payment made to a person presenting passbook shall be good and valid on account of the owner, unless the passbook has been lost and notice in writing given to (the) bank before such payment is made," is reasonable and binding upon depositors.

3. Under the terms of such a rule, where a passbook is presented by a person other than the depositor to whom it belongs, together with a forged check bearing a signature similar to that of the depositor, and there is nothing to arouse the suspicion of the teller or put him upon inquiry as a reasonably prudent man as to the genuineness of the check and the bank in good faith pays the check, believing the person presenting it to be the depositor, it is not liable in a suit by the depositor to recover the money so paid.

4. The principle announced in the preceding headnote is not affected by another rule of the bank prescribing that depositors must always present their passbooks when depositing or withdrawing money, and that, "if not present personally, an order properly signed and witnessed must accompany the presentation of the book in case of withdrawal."

The other cases referred to were *Cosgrove v. Provident Institution*, 64 N. J. Law 653; *Gifford v. Rutland Sav. Bank*, 63 Vt. 108; *Eaves v. Peoples Sav. Bank*, 27 Conn. 229; *Appleby v. Erie Co. Sav. Bank*, 62 N. Y. 12.

And for cases of negligence in paying which makes the bank liable, I referred to *Kummel v. Germania Sav. Bank*, 127 N. Y. 488; *Tobin v. Manhattan Sav. Instn.*, 6 N. Y. Misc. 110; *Chase v. Waterbury Sav. Bank*, 77 Conn. 295.

In addition, I might refer you to the case of *Kenney v. Harlem Savings Bank* decided by the City Court of New York in November, 1908 (114 N. Y. Supp. 749). In that case it was held:

1. A by-law of a savings bank provided that payments to persons presenting a passbook issued by the bank should discharge the bank, though the bank would endeavor to prevent fraudulent payments. Held a contract by the bank to take ordinary care not to pay others than the depositor, but saving it harmless on payments of the deposit to one other than the person rightfully entitled thereto on presentation of the passbook.

2. Plaintiff, making a deposit in a savings bank, was at the time unable to write, but made his mark. Thereafter, having learned to write, he signed his name in the signature book, and brought action thereafter to recover moneys paid out on alleged forged drafts. It was conceded that plaintiff personally never drew any money, but he roomed with one who, from his intimate acquaintance with him, was able to answer all the identification questions asked by the bank's teller on presentation of the drafts. The teller testified that when a forged draft was paid the passbook was produced and a correct answer given to each of the questions, and there was nothing to arouse suspicion that the person presenting the passbook was not entitled to the same. Held, that the bank had fulfilled its obligation to exercise reasonable care to protect the depositor.

## PAYMENT OF DEPOSIT BY MISTAKE.

**Bank's right of recovery from depositor receiving payment.**

From Montana.—I would like to have your opinion on the following case: is it collectible? A and B were depositors of ours. B came in and made a deposit of \$600 which was erroneously credited to A's account. A came in one morning and asked what his balance was; we told him the amount our books showed. The following day he returned, drew his balance and left. After we discovered the error we found that this party was in South Dakota. We then sent our attorney to make settlement with A, but he refused to do so. How should we proceed to collect the amount?

The fact of your mistakenly crediting and paying to your depositor A the sum of \$600 does not preclude you from suing and recovering judgment against him for the amount, provided of course you can prove the mistake and that the depositor was not entitled to the credit. The proper procedure would be an action against A in the courts of South Dakota.

## COLLECTION ITEMS RECEIVED BY INSOLVENT BANKER.

Cases where knowledge by banker of his insolvency at time of receiving the items is held to constitute such fraud as to entitle depositor of items to reclaim same or their proceeds.

From Virginia.—We have an account with a firm of private bankers (not incorporated) located in one of our neighboring towns, and the firm in question made an assignment a few days ago. The firm assigned all of its firm business as well as having turned over to the trustee all of its partners' individual assets. For a great many years past we have had a collecting arrangement with the firm in question, sending them all of our items on the town in which they are located, and they have promptly once each week remitted us our balance. At the time of the assignment they were indebted to us for a considerable sum, which sum was accumulated from several days' letters sent to them by us for collection and credit to be remitted on a stated day each week.

Assuming that at the time these items were received, the private banking firm knew that they were insolvent, can you cite us to any cases which would support a contention that such knowledge would be a fraud on their part so as to entitle us to reclaim the proceeds in full as our property?

In the case of *Cragie v. Hadley*, Receiver, 99 N. Y. 131, drafts were deposited and credited in the passbook of a depositor April 13, 1882, between 2 and 3 p. m. The bank closed its doors at the usual hour and never opened thereafter. The bank was irretrievably insolvent and its officers and agents knew that it was on the verge of closing when the deposit was received. The court held that the acceptance of the deposit under these circumstances constituted such a fraud as entitled the plaintiffs to reclaim the drafts or their proceeds. While the general doctrine was stated that upon an ordinary deposit, such as this, the bank took title, the court said that, nevertheless, the further rule was equally well settled that "One who has been induced to part with his property by the fraud of another, under guise of a con-



tract, may, upon discovery of the fraud, rescind the contract and reclaim the property unless it has come to the possession of a bona fide holder." It is said that the right to a restoration in such case may be defeated by the acts or acquiescence of the defrauded party, or because the property has lost its identity and cannot be traced, or where third persons have innocently acquired interests in ignorance of the fraud; but that neither the creditors of an insolvent bank, nor its assignee in bankruptcy have any equity to have the plaintiff's property applied in payment of the obligations of the bank. In this case judgment for the plaintiff against the receiver for the full amount, was affirmed.

The case of *St. Louis and San Francisco R. R. v. Johnston, Receiver*, 133 U. S. 566, will also be helpful to your case. A sight draft on Boston was deposited in a New York bank. The bank sent the draft to Boston where it was collected. Before collection the New York bank, which was insolvent when it received the deposit, suspended. The court held (apart from the question whether or not the New York bank took title to the paper) that when a bank has become hopelessly insolvent and its president knows it is so, it is a fraud to receive deposits of checks from an innocent depositor, ignorant of its condition, and he can reclaim them or their proceeds; further, that the pleadings in the particular case were so framed as to give the plaintiff the benefit of this principle.

*Williams v. Van Norden Trust Company, Assignee*, 104 App. Div. 251 is a case where *Cragie v. Hadley* was distinguished. That was an action to recover from the assignee for benefit of creditors of a private bank the proceeds of a check deposited on December 3, 1903. The check was collected by the private banker and on December 4th he made an assignment. The court held, reversing a judgment for the plaintiff, that the mere fact that a banker was insolvent at the time of receiving a particular deposit and that he made a general assignment for the benefit of creditors the following day does not of itself entitle the depositor to recover the amount of the deposit from the assignee for benefit of creditors. The depositor's right of action in such a case is founded on fraud, and an honest but mistaken belief by the banker in the solvency of the bank at the time of receiving the deposit is fatal to the cause of action. It must therefore be shown that the insolvency was of such a character that it was manifestly impossible for the banker to continue to meet his obligations and that this situation was known to the banker, so as to justify the conclusion that the banker accepted the deposit knowing that he would not and could not respond to the depositor's demand for its return.

See also *Grant v. Walsh*, 145 N. Y. 502, where a check was received on deposit shortly before the bank closed and, payment having been stopped, the receiver of the bank brought suit and it was held that the receiver could not recover on the ground that the check was obtained through fraud and had not passed to a bona fide holder. In this case *Cragie v. Hadley* was cited and also *Met. Nat. Bank v. Loyd*, 90 N. Y. 530, 537, which case it was said recognized the same rule as was announced in *Cragie v. Hadley* but as in the *Loyd* case there was no allegation of

fraud in the answer, it was held that the evidence offered, tending to show fraud, was properly excluded. (It will be noted that the fraud in *Met. Nat. Bank v. Loyd and Grant v. Walsh* prevented enforcing a check received on deposit, while in the *Cragie v. Hadley* case it enabled the owner to reclaim the full proceeds from the receiver of the insolvent bank; but the cases are all in support of the same principle that fraud will upset the title of the insolvent banker).

See also *Spring Brook Chemical Co. v. Dunn, Receiver*, 39 App. Div. 130, where the receiving of a draft by a firm without disclosing its insolvency, was held to make its title to the draft fraudulent; and where a bank received such draft from the firm in payment of an existing indebtedness, the bank was held not to be a holder for value and the owner of the draft was entitled to recover its proceeds from the receiver of the bank.

The above cases would seem to support the contention that where a private banker receives paper, knowing at the time that he is insolvent and will not be able to make a return, this is such fraud as will upset his title and enable the owner to recover its proceeds in full from the receiver or assignee. If the private banker is insolvent, but does not know it at the time, this may make a difference according to the *Williams v. Van Norden Trust Co.* case, but where the private banker knows he is insolvent at the time he receives the paper, it would seem that whether he fails the next day, or not for a week thereafter, there is good ground for contending that the sender of the paper would be entitled to reclaim the full proceeds as his property.

#### SET OFF OF NOTE AGAINST DEPOSIT.

Where a bank owns an indorsed note and, at maturity, has sufficient funds of the maker on deposit to pay it, the decisions conflict as to whether failure to charge the note to the maker's account will release the indorser—if, however, note by its terms is payable at bank, opinion given that, under Negotiable Instruments Law, being an order to the bank to pay, indorser would be released by failure to charge up—But bank under no obligation, in interest of indorser, to apply maker's deposit to note owned by it where funds insufficient at maturity, nor (according to majority of courts; a few contra) to apply sufficient subsequent deposits.

From North Carolina.—1. A obtains a loan from a bank for \$100, with B's indorsement; the note falls due and the bank neglects to charge it to A's account, which is good for the amount. Does the bank thereby release the indorser?

2. If your answer is "Yes" to the above, what is the bank's position if A has only \$50 to his credit, it being a well-settled rule that a bank cannot be made to make a partial payment on a check or order?

1. Where a bank owns an indorsed note and at maturity has sufficient funds of the maker on deposit to meet it, there is a conflict of authority as to the bank's obligation to charge up the note against the

deposit in the interest of the indorser. For example, in New York it has been held that the bank owes a duty to the indorser to satisfy the note out of the maker's account (*Central Bank v. Thein*, 76 Hun, 571), and likewise in Pennsylvania (*Bank v. Henninger*, 105 Pa. 486), the bank is bound to apply the deposit in payment of the note and failure so to do discharges the indorser. This is also the rule in Kentucky. (*Pursifull v. Pineville Banking Company*, 97 Ky., 154.)

To the contrary it has been held in Florida (*Camp v. First Nat. Bank*, 44 Fla., 497), that the bank is not required to apply a depositor's credit balance to the satisfaction of his note so as to benefit a surety thereon; and likewise in Georgia (*Davenport v. State Banking Co.*, 126 Ga., 136), the fact that a bank, at maturity of a note, is indebted on general deposit account to the principal in a sum larger than that due on the note and fails to exercise its right to set off the amount of the note against this deposit indebtedness but allows the deposit to be checked out, does not discharge a surety on the note.

I have not cited all the authorities pro and con on this question, but sufficient only to illustrate the conflict. I do not find that the Supreme Court of North Carolina has yet passed upon it. But whenever the note is, by its terms, made payable at the bank, I believe that, as the Negotiable Instruments Law makes it equivalent to an order to the bank to pay for account of the principal debtor, failure to charge up the note would be held to release the indorser.

2. Where, at maturity, the deposit is insufficient to meet the note in full, the rule is quite general that there is no obligation to apply the balance in partial satisfaction of the note in the interest of the indorser nor to so apply subsequent deposits. For example, in New York (*Bank v. Smith*, 66 N. Y., 271), it is held that the bank is under no legal obligation to apply subsequent deposits to the payment of the note where, at maturity, the funds are insufficient, in the absence of express directions; and likewise in Pennsylvania (*Bank v. Legrand*, 103 Pa., 309; *Bank v. Shreiner*, 110 Pa., 188), it is held the deposit must be sufficient at the time of maturity of the note and that subsequent deposits will not raise the duty. But in Kentucky (*Bank of Taylorsville v. Hardesty*, 91 S. W., 729), it has been held that where the makers of a note deposited money more than sufficient to satisfy it, the bank owed to a surety on the note the duty to apply the deposit in satisfaction of the note, though the deposit was not made until after the note matured. On this point also, I find no decision in North Carolina.

#### TIME INSTRUMENT PAYABLE AT BANK.

Probable that authority of bank to pay would be held, under Negotiable Instruments Law, to be limited to day of maturity only, although point not yet decided.

From North Carolina.—Under the Negotiable Instruments Law a note payable at a bank is an order

for the bank to pay. Is it a continuing order? Does not the bank run some risk in paying a past due paper?

I have always taken the ground that where a note is made payable at a bank at a future date, the authority of the bank to pay is limited to the day of maturity only; that the instrument is not a continuing order such as would authorize the bank to make payment where presented after maturity. The question has never been decided in this country so far as I am aware, but I think that the majority of bankers so construe the law and that payment after maturity would be at the risk of the bank. I investigated this question a few years ago and reached a conclusion as above stated. At the same time I found that a decision had been rendered in Australia by the Supreme Court of the Colony of Victoria, in 1873 (*Wine v. Bank of New South Wales*, 4 Australia; *Jurist Reports*, 78), to the contrary of this view. In that case a bill payable three months after date was "Accepted payable at the Bank of New South Wales." When the bill became due, the bank did not have sufficient funds of the acceptor and did not pay it, but it paid the acceptance about twelve months afterwards and the sole question in the case was whether the bank was authorized so to do. The customer contended that when a person makes a bill payable at his bankers, as here, the banker is not authorized to pay it except on the date it becomes due. The bank, on the other hand, contended that the authority continues beyond that day unless it is countermanded. The court held that this latter view was correct.

This decision, however, has been adversely commented on by Australian law writers as being contrary to banking custom and understanding and I doubt if it would be so held in this country. At the same time, to clear up any possible doubt on the subject, I prepared a few years ago, an amendment to the section of the Negotiable Instruments Law relative to the payment of instruments made payable at a bank, by providing an addition to that section as follows: "But where the instrument is made payable at a fixed or determinable future time, the order to the bank to pay is limited to the day of maturity only." This amendment was approved by the Standing Law Committee of the American Bankers' Association and recommended for enactment and passed the Legislatures of one or two States. It has not been urged, however, during the last two years for the reason that it has been deemed better policy to first frame and collect certain other proposed amendments to the Negotiable Instruments Law which are in contemplation and urge all such amendments at one time, rather than piecemeal and furthermore to first obtain the approval and recommendation of the Commissioners on Uniform State Laws; the controlling thought being, that it is not wise to attempt to fritter away the uniformity of an enactment of this kind by desultory amendments and that the better course is to propose needed and desirable amendments of the Negotiable Instruments Law through the same channel that created the original law.



# PROTECTIVE DEPARTMENT



L.W. GAMMON

MANAGER

## RULES OF PROTECTIVE COMMITTEE AMERICAN BANKERS ASSOCIATION.

The AMERICAN BANKERS ASSOCIATION, in deciding to become the aggressive agent of its members for the apprehension and prosecution of criminals, devolves the executive work upon a Protective Committee of three persons (whose names are not made public), which Committee has full power, when called upon for aid by any member, to take such steps as it shall deem proper to detect, arrest and prosecute the offenders.

The policy of the Committee is to relentlessly pursue every bank criminal as outlined in the following rules, which govern the action of the Committee:

1. Upon receipt of notification by the General Secretary, No. 11 Pine Street, New York City, or the nearest office or correspondent of THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC., of an attempted or successful perpetration of fraud or crime upon a member of the Association, either by forgery, check-raising, robbery, hold-up or safe-breaking, accompanied by a full account of the offence and, if possible, a description of the perpetrators, the Committee will at once undertake the apprehension of the criminals through the service of detectives and such other means as they may consider warranted. A case once committed to the Association cannot be taken out of its hands, nor the offence condoned or compromised.

2. In reporting cases of crime, the Protective Committee understands that the members so reporting will have a warrant issued for the criminal concerned.

The Committee relies upon the State, county or local authorities to arrange for the extradition and the payment of the expense incident to the return of the prisoner. The Committee will not pay extradition expenses.

3. The Committee cannot undertake action on cases unless immediate notice of crime has been given to the General Secretary, or such notice sent to the nearest office or correspondent of The William J. Burns National Detective Agency, Inc., and the Association cannot be held responsible for any expense incurred for protective work, which has not been previously authorized by the Protective Committee.

4. The Committee cannot take cognizance of crime perpetrated by employees; the vigilance, alertness and energy of the officers of the banks must be relied upon in such cases.

The Committee will not take cognizance of cases where other than members are defrauded. If customers of members cash checks for unidentified strangers and same turn out to be forged or raised they must pursue the criminal through the police, sheriff or county authorities or some detective agency at their own expense.

It is expected that every member will co-operate with the Committee by promptly reporting every offence coming under their notice as well as by using all reasonable efforts in assisting in the arrest and conviction of the criminals.

FRED. E. FARNSWORTH, GENERAL SECRETARY.

A warrant has been sworn out in Lemmon, S. Dak., against J. P. Merryfield, who fraudulently obtained one funds on a worthless draft drawn on a Helena, Mont., bank. Merryfield claimed to be a deputy marshal. He is well versed in matters pertaining to land in the State of Montana and stated that he owned a homestead near Huntley, Mont. Merryfield is 38 years of age, 5 ft. 6 or 7 inches tall, weighs 180 lbs., black hair, black mustache; he is of German descent, and speaks English with a noticeable German accent. Merryfield has previously served time for certain bogus check operations.

Worthless checks purporting to be signed by the Scranton Bolt & Nut Company are being circulated in the West. These checks are drawn on a Scranton, Pa., bank. The party passing them was last heard of in Cleveland, O.

The police of Fort Worth, Tex., hold a warrant for the arrest of L. T. Kelly, who is charged with defrauding merchants in that city with worthless checks. Kelly is 28 years of age, 5 ft. 6 in. tall, weighs about 130 lbs., dark complexion, brown eyes, black hair, neat dresser. He is said to be a heavy drinker.

On January 18th, 1911, the local police of Addyston, Ohio, placed under arrest Robert Stone, a bogus check operator, who has defrauded a number of persons throughout the West. Stone fraudulently claimed to represent the White Oak Distilling Company. He is described as 5 ft. 8 in. tall, weighs about 200 lbs., smooth shaven, has a scar over the right eye.

One Ed Raymond has recently disappeared from Ione, Wash., following the forgery of an endorsement to a check which he (Raymond) had stolen. Raymond is a lumber jack, about 30 years of age, 5 ft. 10 in. tall, medium build, black eyes, black hair, smooth shaven, pale complexion, high cheek bones, has a scar about two inches long on right side of face. Raymond is a heavy drinker.

A warrant has been issued for the arrest of F. M. Williams, who recently disappeared from San Jose, Cal., following the forgery of a depositor's name to a number of checks drawn on a San Jose bank. Wil-

Chas. Alfred, a former resident of Mansfield, Wash., is wanted in that city on a charge of forgery. He is 37 years of age, 5 ft. 7 in. tall, weighs 170 lbs., smooth shaven, dark brown hair, blue eyes. Alfred usually works around lumber camps in the capacity of a common laborer. A specimen of his handwriting is reproduced below.

*Will Jennings*  
*five 5-00*  
*Chas Alfred*

A warrant against W. T. Key, charging forgery, is held by the police of Big Springs, Tex. Key is 35 years of age, 5 ft. 7 in. tall, weighs 140 lbs., light hair, small blue eyes.

lams is 32 years of age, 5 ft. 6 in. tall, stocky build, fair complexion, light brown hair, grey eyes, left eye defective. Williams writes with his left hand; he is a good penman. His occupation is that of undertaker.

Walter C. Hannaway, who at one time conducted his business in Chicago under the name of the Consumers' Butter Company, last month committed a fraud in that city by fraudulently obtaining funds through the illegal "kiting" of checks. Hannaway is said to be 26 years of age, 5 ft. 8 in., weighs 175 lbs., black hair, smooth shaven, sallow complexion, flat nose, protruding chin, coarse features.

Page 214 (first column) of the October, 1910, Journal contains an article concerning William F. Hines, a bogus check operator. We learn that this swindler has recently renewed operations, having appeared within the past month at Lexington, Ky., where he succeeded in cashing a forged check drawn on the First National Bank of Covington, Ky. In presenting his fictitious checks Hines usually accompanies them with forged letters reading as follows:

First National Bank,  
Covington, Ky.

Mr. William F. Hines.

Dear Sir: Replying to your favor of recent date, we are enclosing our check for \$ ....., which is the amount of your balance in our bank. Kindly attach this to the endorsed check, which will be duly honored.

Your truly,

(Signed) B. Bramlage, Cashier.

Members are cautioned to be on the lookout for this swindler.

A bogus check operator employing the name of E. O. Desmond has recently made his appearance in Florida, Alabama and Louisiana, where he has succeeded in defrauding merchants with checks purporting to bear the signature of E. B. Fitzgerald & Bro. These worthless checks are drawn on a Baltimore, Md., bank.

Worthless checks are being circulated through the South which purport to be signed by the Kentucky Sign Board Company. The person for whom some of these checks have been cashed is described as 5 ft. 10 or 11 in. tall, weight 175 lbs., dark complexion, brown hair, brown eyes, neat dresser.

A warrant has been sworn out in Dayton, O., against Anton Urbutes, who is charged with having forged a check drawn on a bank in that city. Urbutes is described as a Lithuanian, 30 to 35 years of age, 5 ft. 9 in. tall, weight 160 lbs., smooth shaven, round face, has scar over right eye. We reproduce below a specimen of his handwriting.

*Anton Urbutes*  
*Anton Urbutes*

One Frank A. Hanscom is circulating checks drawn on a New York bank bearing the forged signature of Frank T. Morrill, by whom he (Hanscom) was formerly employed. These checks are usually cashed by Hanscom at newspaper offices, where he is well known through previous business dealings with the editor or proprietor. Hanscom is described as 50 years of age, 5 ft. 9½ in. tall, weighs 190 lbs., smooth shaven, round face, well dressed. He has recently

operated in New York, New Jersey and a number of the New England States. A specimen of his handwriting is reproduced below:

*F. A. Hanscom*  
*Thirty - \$30.00*  
*Geo. H. Morrill & Co.*

A party using the name of J. C. Chapman is issuing checks drawn on a trust company in New York City, made payable to bearer, in small amounts. He has no account at the trust company. These checks are being cashed by individuals.

A party using the name of J. C. Thayer is drawing checks made payable to the order of cash for \$10 and \$15 each, drawn on a trust company in New York City. J. C. Thayer has an account at the trust company, but the signature is nothing like the genuine signature of Mr. Thayer. These checks are being cashed by individuals.

E. J. Penfield, owner private bank of Kelley, Ia., reported absconded and bank closed. He left Des Moines Saturday, February 18, 1911, with considerable cash. Is 38 years old, heavy build, 5 ft. 7 in. tall, weight 175 lbs., medium dark complexion, small brown eyes set close together, smooth face; wore blue serge suit, derby hat. Arrest him and wire sheriff, Nevada, Ia. This information was furnished by P. W. Hall, Secretary Iowa Bankers Association.

We are in receipt of information to the effect that a party using the name of R. P. Bishop, Jr., is drawing worthless checks on a bank at Grand Rapids, Michigan, for small amounts. This man has no account at the bank in Grand Rapids.

In April, 1910, Charles M. Meeker was indicted in Texas for conspiracy jointly with two parties by the name of Richey and Perkins. The indictment charges that they defrauded a bank at Texline through worthless drafts of the so-called London Commercial Banking Co., S. A., of London, England. Meeker was arrested in New York City about the same time. Former Governor Charles E. Hughes ordered him to be returned to Texas, having after a lengthy argument honored the requisition of the Governor of Texas. The Supreme Court, State of New York, confirmed Governor Hughes' decision. Meeker's attorneys then secured a writ of habeas corpus and took the case to the Appellate Division of the Supreme Court of New York State. On February 3, 1911, the Appellate Division rendered an unanimous decision confirming the decision of the lower court. On February 27, 1911, Sheriff McCandless, of Dalhart, Texas, arrived in New York, when Meeker was surrendered to him by the police authorities. Sheriff McCandless left New York for Texas the same night with Meeker in custody. Meeker's trial will take place in the near future. Meeker has been in jail since the date of his arrest, not being able to secure the \$20,000 bond required.



A swindler going under the name of R. C. Campbell, and fraudulently claiming to represent the Joseph Campbell Soup Company, is traveling through the country drawing worthless drafts on a Trenton, N. J. bank. He is known to have recently operated in Coshocton, O. Campbell is described as a German 50 years of age, weighs 175 lbs., stout build, dark complexion, brown eyes, black hair, black mustache. A specimen of his handwriting is reproduced below:

*Bank 300<sup>00</sup>/<sub>100</sub>  
Three Hundred  
R. C. Campbell.*

A person giving the name of Lee Osgood, last month secured from a New England bank a draft for \$6.00, which he later raised to \$60.00 and passed on a merchant in Bangor, Me. Osgood is described as 35 years of age, 5 ft. 7½ in. tall, weighs 160 lbs., smooth shaven, medium complexion, light hair.



ISAAC L. RAINES.

The above is a photo of Isaac L. Raines, who is wanted for a forgery recently committed in Cheyenne, Wyo. Raines enlisted in the United States Army on October 12, 1910, under the name of Edward L. Butler and was assigned to Battery E., 4th Field Artillery, at Fort D. A. Russell, Wyo. He deserted on January 7, 1911, and immediately left for the East, stopping at a number of large cities, in each of which he cashed a number of checks bearing the forged signature of Capt. William McK. Lambdin.

Prior to his recent desertion from the army Raines had enlisted nine times and deserted eight times between March 22, 1899, and June 30, 1904. On the occasion of each enlistment he gave a different name, to-wit: Geo. L. Raines, Edward Ross, Edward L. Rogers, Edward L. Reese, Soda E. Morris, Samuel Hart, Ed. Raymond, Chas. D. Roose, Edward Boyd. On June 30, 1904, under the name of Ed. Boyd, he was dishonorably discharged from Troop K, 15th Cavalry, at Fort Ethan Allen, Vt. He was sentenced to three years at hard labor, but the sentence was later remitted and on June 4, 1905, he was given his liberty at Fort Jay, New York.

Raines is described as an American Jew, 38 years of age, 5 ft. 8½ in. tall, weighs 169 lbs., brown curly hair, brown eyes, dark complexion, medium build. He is an excellent penman, his occupation being that of accountant and bookkeeper.

He has served time in the Huntington, Pa., Reformatory; the Pontiac, Ill. Reformatory; the Joliet, Ill., Penitentiary, and the Walla Walla, Wash., penitentiary.



ALEX. I. RUDINEW.

We publish herewith a photograph of Alex. I. Rudinew, who, it is alleged, recently forged his employer's endorsement to a number of U. S. Post Office money orders, and, after redeeming the money orders, left for parts unknown. Rudinew is described as a Russian Jew, 24 to 25 years of age, 5 ft. 7 in. tall, weighs 145 to 150 lbs., slim build, dark brown hair, dark complexion.

Members are cautioned against cashing any checks for a young man employing the name of E. G. Carr, who is drawing fictitious checks on a Burlington, Vt., bank. Carr appeared in Brattleboro, Vt., recently, and on that occasion fraudulently represented himself as a traveling salesman for the Carey Safe Company.

Information comes to us that one H. Clay Staggs, a former employee of the Consolidated Land Company, of Cincinnati, O., is drawing drafts on that firm without authority. Staggs, who was last heard of in Baton Rouge, La., is described as 32 years of age, 5 ft. 11 in. tall, weighs 215 lbs., smooth shaven, medium complexion. He is a heavy drinker.

J. M. Moore, formerly employed as steamfitter by a California construction company, forged his employer's name to a check drawn on a San Francisco bank and has since left for parts unknown. Moore is described as 28 years of age, medium height, medium build, dark complexion, smooth shaven, heavy black wavy hair, exceptionally good even teeth, and has pleasing personality.

J. R. Gibbons, whose occupation is that of carpenter, is accused of forging the signature of a depositor to three checks drawn on a bank in Southern California. Gibbon's description is 23 to 25 years of age, 5 ft. 10 in. tall, weight, 150 lbs., medium build, light complexion, brown hair, blue eyes.

One Domingo Cueto, alias Tony Gonzales, alias J. B. Johnson, alias J. B. Burton, alias Ralph Horner, is drawing worthless checks on a Saint Augustine, Fla., bank. He is described as a Cuban, 5 ft. 3 or 4 in. tall,

broad shoulders, black hair, black eyes, smooth shaven, double chin, long face, well dressed, good talker, curved scar under right ear.

Members are warned to be on the lookout for a swindler operating under the names of A. C. Bonwell and A. C. Manley, who is described as 5 ft. 5 in. tall, smooth shaven, sallow complexion. Bonwell, alias Manley, last month, appeared in Trenton, N. J., where a prominent business man introduced him to the cashier of one of the local banks. He then deposited several worthless checks and later withdrew his entire account before the checks were discovered to be no good. Bonwell, alias Manley fraudulently represented himself as a part owner of the Schackamaxon Stationery Company. There is good reason to suppose that he is none other than J. C. Evans, whose operations were reported in the June, 1910, Journal on page 550.

A specimen of Bonwell's handwriting is reproduced below:

*One Hundred and Fifty  
A. C. Bonwell 150*

Charles A. Williams is drawing worthless checks on a Julesburg, Colo., bank. Williams has recently operated in Philadelphia, Pa., and Camden, N. J.

Members are warned not to cash any checks for a person representing himself as Benj. F. Hazleton, who is drawing worthless checks on a Jersey Shore, Pa. bank. Hazleton claims to reside in New York City. He last month defrauded a hotel proprietor in Marion, Ind., who cashed one of his checks. A specimen of Hazleton's handwriting is reproduced below:

*Charles Manning 316.  
Sixty and no/100 150  
Benj. F. Hazleton*

Geo. C. Manning is issuing bogus checks drawn on a Los Angeles, Cal., bank, where there are no funds to his credit. Manning has recently operated in Greenville, Miss., and Halls, Tenn. He is said to be 45 years of age, 6 ft. tall, weighs 150 lbs., medium complexion, thin face, irregular teeth capped with gold. A specimen of Manning's handwriting is reproduced below:

*Geo. C. Manning  
600  
Six hundred*

A person employing the name of Foster Cole is circulating bogus checks drawn on a Philadelphia bank. Cole managed to obtain from the bank in question a pass book purporting to show a deposit of \$780 by depositing with them a worthless draft for that amount purporting to have been issued by a Toronto, Ont., bank.

On January 25, 1911, word was received from a bank (M.) in Santa Barbara, Cal., that the bank in question had been defrauded through cashing a worthless draft in December, 1910, for one E. L. Heath. Our detective agents, the William J. Burns National Detective Agency, interested themselves in the case in behalf of the American Bankers Association and the California Bankers Association. On February 2, 1911, the Burns Agency secured a trace of Heath in San Francisco and caused his arrest in that city on that date. Heath has since been returned to Santa Barbara for trial.

Page 473 (second column) of the February, 1911, Journal contains an account of the arrest of Charles H. Everett. On February 12, 1911, Everett escaped from the jail at Hot Springs, Ark., and is now a fugitive from justice.

On January 25, 1911, a bank (M) in Los Angeles, Cal., advised that it had been defrauded by cashing three forged checks to which the signature of one of its depositors had been forged. Our detective agents, the William J. Burns National Detective Agency, undertook an investigation of the case in behalf of the American Bankers Association and the California Bankers Association. The Burns Agency succeeded in developing evidence that enabled them to cause the arrest in San Diego, Cal., of John Box and Walter Hester. It developed that John Box stole these blank checks from the depositor's book, Mrs. Walter Hester filled in the checks, and Walter Hester obtained cash on the forged checks. Mrs. Hester was not arrested, claiming that she was forced to fill in these checks by her husband, and she will be used as a witness. Box and Hester are now awaiting trial at Los Angeles, Cal.

The local police at National Stock Yards, Ill., on January 27, 1911, arrested Frank Woods on the charge of forging checks drawn on a local bank (M). Woods is 30 years old, 6 ft. tall, weighs 160 lbs., dark brown hair, smooth shaven, ruddy complexion, blue eyes. On February 24 Woods was sentenced to serve one to fourteen years in the Southern Illinois Penitentiary.

Page 473 of the February, 1911, Journal (second column) contains an article concerning the arrest of William L. Moore. Moore has since been sentenced to serve eight to ten years in the Charlestown, Mass., States prison.

W. R. Davies, alias Arthur L. Dunlap, whose arrest was reported on page 157 (first column) of the September, 1910, Journal, has been sentenced to serve two years in the Texas State Penitentiary.

Bert Shaughnessy, whose arrest was reported in the November, 1910, Journal, on page 306 (first column), was sentenced on January 18, 1911, to seven years in the Deer Lodge, Mont., State Penitentiary.

The December, 1910 Journal, on page 347 (second column), contains a notice of the arrest of Harry E. Campbell. Campbell has since been sentenced to serve six years in the Ohio State Penitentiary.

Because of the lack of sufficient evidence to convict, Charles Troxall was released from custody in connection with a forgery committed on a Burlington, N. J., bank (M). Troxall's arrest was reported in the September, 1910, Journal on page 155 (first column).

Because of the absence of sufficient evidence to ensure a conviction, Ingraham Hughes was released from custody in San Diego, Cal. Hughes' arrest was reported in the February, 1911, Journal on page 474 (first column).



LOUIS C. HERMAN.

The above is a photograph of a bogus check operator giving the name of Louis C. Herman, who is at present under arrest in Paterson, N. J. He has been identified as the same person whose operations were reported on page 86 (first column) of the August, 1910, Journal, and page 153 (second column) of the September, 1910, Journal, under the name of Louis C. Holtz; page 343 (second column) of the December, 1910, Journal, under the names of Louis C. Muller, alias Louis Stein; and page 407 (second column) of the January, 1911, Journal, under the name of Louis Carl, alias Louis Karl, alias Louis Muller.

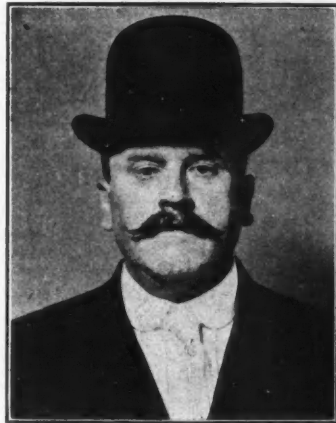
On August 13, 1910, a bank (M) in Groton, S. Dak., cashed a check bearing the signature of one of its depositors. The depositor had his account balanced on January 18, 1911, and on that occasion discovered that the above-mentioned check had been altered and raised to a larger amount than it originally called for. The matter was then brought to the attention of our detective agents, the William J. Burns National Detective Agency, who traced the crime to one George Bitter. The Burns Agency developed information showing Bitter to have gone to Milwaukee, and they caused his arrest in that city on January 27, 1911. Bitter is described as 35 years of age, 5 ft. 8 in. tall, weighs 175 to 180 lbs., light complexion, light hair, light mustache. He has been returned to Groton for trial.

On October 27, 1910, a bank (M) in Detroit, Mich., cashed a check to which the depositor's signature had been forged. The forgery was discovered on December 27, and was at that time brought to the notice of our detective agents, the William J. Burns National Detective Agency. The Burns Agency have been actively investigating the matter since that date. The investigation extended through Detroit, Mich.; Chicago, Ill.; Austin, Ill., and Indianapolis, Ind., the guilty party, George S. Hart being finally located and placed

under arrest, through the efforts of the Burns Agency, on February 12, 1911. Hart is described as 40 years of age, 5 ft. 10 in. tall, weighs 200 lbs. He has been returned to Detroit for trial.

On December 18, 1910, a bank (M) in Shreveport, La., suffered a loss through cashing certain checks which had been forged by one Luther McMullan. Our detective agents, the William J. Burns National Detective Agency, were notified of the forgery on January 9, 1911. They immediately undertook to locate McMullan, and after thoroughly scouring the city, they succeeded in causing McMullan's arrest in Shreveport on January 14, 1911. McMullan now awaits trial in that city.

On January 25, 1911, a bank (M) in Jamestown, N. Dak., cashed a forged check for one Leopold Muller. The forgery was reported to our detective agents, the William J. Burns National Detective Agency, on February 11, 1911. A representative from the Burns Agency was immediately detailed to investigate the case. He soon developed information showing Muller to have gone to Weyburn, Saskatchewan, Canada. The Burns Agency representative left for Weyburn, and upon investigation there ascertained that Muller had evidently departed for Moose Jaw, Saskatchewan, Canada. Proceeding to Moose Jaw, he located Muller at that place on February 18, 1911, and at once caused his arrest. Muller has since been returned to Jamestown for trial.



A. H. TEMPLETON.

The above is a photograph of A. H. Templeton, alias, A. J. Reynolds. On February 1, 1911, he defrauded a Birmingham, Ala., bank (M) by means of a worthless check. On February 4 Templeton was arrested by the local police of Nashville, Tenn., and was returned to Birmingham, where he now awaits trial. Templeton is described as 49 years of age, 6 ft. 1 in. tall, weighs 240 lbs., reddish mustache, sandy hair, slightly bald. Since the arrest of Templeton our detective agents, the William J. Burns National Detective Agency, have succeeded in gathering evidence showing him to be a dangerous swindler who has operated in different parts of the country and for whom warrants have been sworn out in a number of large Western cities. This evidence will be used against Templeton when he is brought to trial, and there is every assurance that he will be severely dealt with.

On January 28, 1911, the local police of New Orleans, La., arrested Harry E. Burden on the charge of defrauding a New Orleans bank (M) through forging a check on December 14, 1910, against the account of one of its depositors. The Protective Department, through its detective agents, the William J. Burns National Detective Agency, will do all possible to bring about the conviction of Burden.

On February 8, 1911, a report was received from a Sandpoint, Ida., bank (M) that it had suffered a loss through cashing certain checks to which one Jack Truscott had forged the depositor's signature. While our detective agents, the William J. Burns National Detective Agency, were engaged in an investigation of the case information was obtained that Truscott was arrested on February 9 in Helena, Mont., charged with housebreaking. He is now lodged in jail in Helena awaiting trial. Truscott is described as 26 to 30 years of age, 5 ft. 4 1/2 in. tall, weighs 145 lbs., brown hair, blue eyes, right arm crippled. Arrangements will be made to have Truscott later returned to Sandpoint, Ida., for trial. A specimen of his handwriting is reproduced below.

*Jack Truscott*  
*Exp and pct ~ 6 over*  
*John Selle*

Page 472 (first column) of the February, 1911, Journal contains an article concerning one Lewis B. Price, who defrauded a bank in Salem, W. Va., by means of forged checks. The local police of Clarksburg, W. Va., on January 26, 1911, placed Price under arrest in that city, where he now awaits trial. The Protective Department, through its detective agents, the William J. Burns National Detective Agency, is exerting its best efforts to insure Price a heavy prison term.

One W. E. King, a mulatto, 50 years old, defrauded a bank (M) in Troy, Kans., by means of a worthless check. On February 10, 1911, he was arrested by the local police of St. Joseph, Mo., after he had cashed another worthless check at Marshall, Mo. King has since been returned to Marshall for trial. The Pro-

tective Department will arrange to have him finally returned to Troy to stand trial there.

On February 9, 1911, Thomas Milton Waller, alias G. B. Scott, attempted to defraud a bank (M) in Morse, Kans., by the "fake" telegram swindle. The cashier's suspicions were aroused, and before Waller could leave town he was placed under arrest. This swindler is described as 36 years of age, 5 ft. 8 or 9 in. tall, weight 160 lbs., medium complexion, chestnut hair, grey eyes. He is now lodged in jail at Olathe, Kans., awaiting trial. The Protective Department, through its detective agents, the William J. Burns National Detective Agency, is doing everything possible to insure the conviction of Waller.

On February 23, 1911, the local police of Jacksonville, Fla., placed under arrest J. E. Whitney for defrauding a bank (M) in that city. The Protective Department, through its detective agents, the William J. Burns National Detective Agency, is at present making an effort to work up a strong case against Whitney.

On February 20, 1911, the local police of Brighton, Mass., arrested Charles A. McAlaney for breaking and entering. On February 21 the representative of our detective agents, the William J. Burns National Detective Agency, identified McAlaney as being the party who attempted to defraud a bank member, Boston, Mass., with a forged check. Later in the day our detective agents, co-operating with the police, arrested Phillip Farrell and Ed Malley as being the parties who operated with McAlaney in attempting to defraud the Boston bank. These three parties are now being held at Brighton, Mass., awaiting trial.

On January 26th, 1911, a bank (M) in New York City, reported that it had been defrauded by cashing a check bearing the forged signature of a depositor. The check had been cashed August 24th, 1910, but the forgery was not discovered before January 26th. Our detective agents traced the forgery to McKinley B. Embrey, a former employee of the depositor in question. After thoroughly investigating the matter with a view of locating Embrey, the Burns Agency succeeded in tracing him to Springfield, Long Island, N. Y., where they caused Embrey's arrest on February 12th, 1911. Embrey is now lodged in jail in the Tombs, New York, awaiting trial.

This Department has been informed that a party using the name of Mark Cross is drawing worthless checks on a bank in Harrisburg, Pa., for amounts ranging from \$25. to \$200. This party has no account at the bank, and so far no bank member of this Association has been defrauded through his operations.

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

From September 1, 1910, to February 28, 1911.

New York, March 1, 1911.

Criminals arrested, convicted sentenced, awaiting trial, etc.

	Awaiting Trial Sept. 1, 1910.	Arrests From Sept. 1, 1910, To January 31, 1911.	Arrests in February, 1911.	Total.	Convicted.	Released.	Escaped or Fugitives.	Suicide or Died.	Awaiting Trial.
Forgers, etc. ....	50	65	19	134	42	26	4	1	61
Burglars .....	5	1	..	6	2	2	1	..	1
Hold-up robbers ...	2	1	..	3	2	1	..	..	0
Sneak thieves .....	..	..	..	..	..	..	..	..	0
	57	67	19	143	46	29	5	1	62



**FORGERS.**

Feb. 2, E. L. Heath, arrested in San Francisco for forgery committed on Santa Barbara bank (M); returned to Santa Barbara for trial.

Feb. 23, J. E. Whitney, arrested in Jacksonville, Fla., for defrauding Jacksonville bank (M); awaits trial there.

Feb. 21, Chas. A. McElaney, Phillip Farrell and Ed. Malley, arrested in Brighton, Mass., and identified as persons who attempted to defraud Brighton bank (M) with forged checks; await trial in Brighton.

Jan. 27, Geo. Bitter, arrested in Milwaukee for defrauding Groton, S. Dak., bank (M) by raised check; returned to Groton for trial.

Feb. 12, Geo. S. Hart, arrested in Indianapolis, Ind., for forgery committed on Detroit, Mich., bank (M); returned to Detroit for trial.

Jan. 9, Luther McMullan, arrested in Shreveport, La., for passing forged check on Shreveport bank (M); awaits trial in Shreveport.

Feb. 18, Leopolt Muller, arrested in Moose Jaw, Saskatchewan, Can., for passing forged check on Jamestown, N. Dak., bank (M); returned to Jamestown for trial.

Feb. 4, A. H. Templeton, arrested in Nashville, Tenn., for defrauding Birmingham, Ala., bank (M); returned to Birmingham for trial.

Jan. 28, Harry E. Burden, arrested in New Orleans, La., for defrauding New Orleans bank (M) with forged check; awaits trial in New Orleans.

Feb. 9, Jack Truscott, arrested in Helena, Mont., for housebreaking; wanted in Sandpoint, Idaho, for forging check on Sandpoint bank (M); awaits trial at Helena.

Jan. 26, L. B. Price, arrested in Clarksburg, W. Va.; being held for forgery committed on Salem, W. Va., bank (M).

Feb. 9, John Box and Walter Hester, arrested in San Diego, Cal., for forgery committed on Los Angeles, Cal., bank (M); returned to Los Angeles for trial.

Jan. 27, Frank Woods, arrested at National Stock Yards, Ill., for issuing forged checks drawn on National Stock Yards bank (M); Feb. 24, given one to fourteen years in Southern Illinois Penitentiary.

Feb. 12, McKinley B. Embrey, arrested at Springfield, L. I., for forgery committed on New York bank (M); returned to New York for trial.

Feb. 10, W. E. King, arrested in St. Joseph, Mo., and returned to Marshall, Mo., for trial on bogus check charge; is wanted for defrauding Troy, Kans., bank (M) with worthless check.

Feb. 9, Thos. Milton Waller, arrested in Morse, Kans., for attempting to defraud Morse bank (M) by fake telegram swindle; awaits trial at Olathe, Kans.

Chas. H. Everett—escaped from Hot Springs, Ark., jail, Feb. 12; arrest reported in February, 1911, Journal.

Wm. L. Moore—sentenced to eight to ten years in Charlestown, Mass., States Prison; arrest reported in February, 1911, Journal.

W. R. Davies—sentenced to serve two years in Texas State Penitentiary; arrest reported in Sept., 1910, Journal.

Bert Shaughnessy—sentenced to seven years in Deer Lodge, Mont., State Penitentiary; arrest reported in Jan., 1911, Journal.

Harry E. Campbell—sentenced to serve six years in Ohio State Penitentiary; arrest reported in Dec., 1910, Journal.

Chas. Troxall—released for lack of evidence at Burlington, N. J.; arrest reported in Sept., 1910, Journal.

Ingraham Hughes—released for lack of evidence at San Diego, Cal.; arrest reported in Feb., 1911, Journal.

Chas. M. Meeker—turned over by New York authorities to Texas authorities for defrauding Dalhart and Texline, Tex., banks (Ms); now awaits trial in Dalhart.

**CRIMINALS AWAITING TRIAL, MARCH 1, 1911.**

**FORGERS.**

Eug. C. Brockaw.....Chicago, Ill.  
 Irving G. Crocker.....Chicago, Ill.  
 S. M. Griggs.....San Francisco, Cal.  
 Wm. J. Jones.....Claremore, Okla.  
 Samuel H. Keeler.....Cincinnati, O.  
 Floyd Koon.....Chicago, Ill.  
 S. B. Adams.....Bristol, Va.  
 W. J. Williams.....Richland, Ga.  
 Phyllis Roberts.....Los Angeles, Cal.  
 Roger Stephens.....Booneville, Ind.  
 Frank Sanford.....Seattle, Wash.

L. M. Hunter.....Charlotte, N. C.  
 R. C. Merrifield.....Fort Collins, Colo.  
 Herbert Bruen.....Buffalo, N. Y.  
 F. Von Gordon.....St. Louis, Mo.  
 A. F. Strange.....Trinidad, Colo.  
 H. F. Worley.....Hope, Ark.  
 G. R. Jones.....Los Angeles, Cal.  
 Antonio Tapia.....Stockton, Cal.  
 A. D. Smith, Jr.....Beloit, Kans.  
 Leo Fuerst.....Governor's Island, N. Y.  
 Ingram Hughes.....San Diego, Cal.  
 McKinley B. Embrey.....New York City.

A. F. Bushnell.....Salt Lake City, Utah.  
 Walter Johnson.....Morris, Okla.  
 S. H. Gray.....Athens, Tenn.  
 Ollie Hilliards.....West Newton, Pa.  
 Hume H. West.....Baltimore, Md.  
 Waverly A. Leigh.....Emporia, Va.  
 Chas. M. Meeker.....Dalhart, Tex.  
 R. L. Peeples.....Birmingham, Ala.  
 John C. Walsh.....Brooklyn, N. Y.  
 Walter E. Neal.....Scottsburg, Ind.  
 J. W. Sharick.....Scottsburg, Ind.  
 S. Blum.....Cleveland, O.  
 A. W. Euard.....Pueblo, Colo.  
 Lou Evans.....Montgomery, Ala.  
 S. E. Gray.....Greenville, Tex.  
 Lon Baker.....Temple, Tex.  
 A. E. Jacobus.....Detroit, Mich.  
 Edw. F. Duffy.....Newark, N. J.  
 Harvey Bousson.....Ellensburg, Wash.  
 Howard C. Stanley.....New York City.  
 Earl Samuel.....Nashville, Tenn.

E. L. Heath.....Santa Barbara, Cal.  
 J. E. Whitney.....Jacksonville, Fla.  
 Chas. A. McElaney.....Brighton, Mass.  
 Phillip Farrell.....Brighton, Mass.  
 Ed. Malley.....Brighton, Mass.  
 Geo. Bitter.....Groton, S. Dak.  
 Geo. S. Hart.....Detroit, Mich.  
 Luther McMullan.....Shreveport, La.  
 Leopolt Muller.....Jamestown, N. Dak.  
 A. H. Templeton.....Birmingham, Ala.  
 Harry E. Burden.....New Orleans, La.  
 Jack Truscott.....Helena, Mont.  
 L. B. Price.....Clarksburg, W. Va.  
 John Box.....Los Angeles, Cal.  
 Walter Hester.....Los Angeles, Cal.  
 W. E. King.....Marshall, Mo.  
 Tos. Milton Waller.....Morse, Kans.

BURGLARS.

Edward Russell ..... Gillette, Wyo.

ATTACKS UPON MEMBERS FROM SEPTEMBER 1, 1910, TO FEBRUARY 28, 1911.

		Losses.	Total Losses
Burglaries .....	5	\$15,671.72	
Attempted Burglaries { Professional .. 7 } { Amateur..... 6 }	13		
Hold-up Robberies .....	1	3,200.00	\$18,871.73

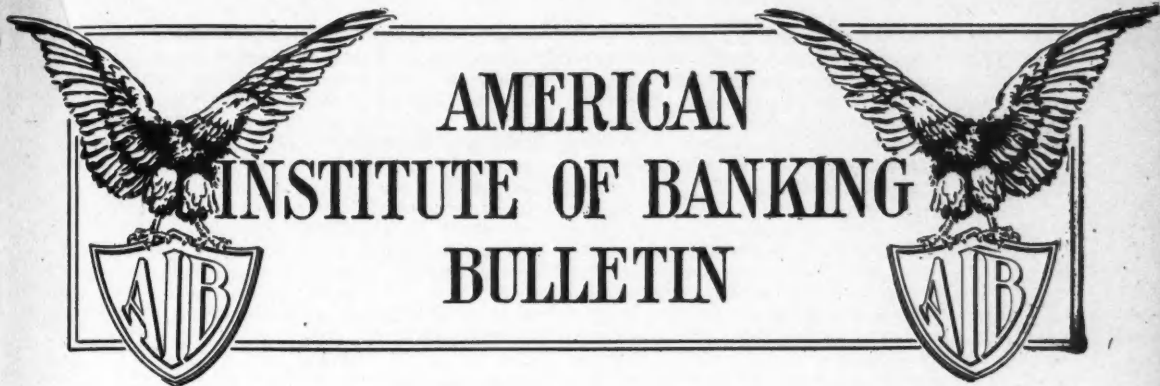
On January 4th, 1911, the Mellon National Bank, Pittsburg, Pa., issued a number of its travelers checks to the order of W. C. Wilbert. These checks have since been lost by, or stolen from Wilbert; they are described as follows:

One check, No. 7415, \$10; 12 checks, Nos. 9940 to 9951, \$20 each; 4 checks, Nos. 8965 to 8968, \$50 each; 4 checks, Nos. 1714 to 1717, \$100 each.

It is requested that any reader of the Journal obtaining further information concerning these checks

kindly communicate with the Mellon National Bank on the matter.

The Protective Department is in receipt of a communication from the First National Bank of Quitman, Georgia, in which that bank states that it offers a reward of \$150 for the arrest and delivery of one M. E. Starling, whose occupation is said to be that of a truck farmer, and who is described as 35 years of age, 5 feet 7 inches tall, weight, 145 lbs., blue eyes, ruddy or sunburned complexion, dark hair, smooth shaven, pleasing personality.



**OFFICERS OF THE INSTITUTE.**

RALPH H. MacMICHAEL, President, Pittsburg, Pa..... Mellon National Bank  
 LAWRENCE C. HUMES, Vice-President, Memphis, Tenn..... First National Bank  
 CHARLES H. MARSTON, Secretary, Boston, Mass..... National Shawmut Bank  
 RENNIE J. TAYLOR, Treasurer, Savannah, Ga..... Citizens' & Southern Bank  
 GEORGE E. ALLEN, Educational Director, New York City..... Eleven Pine Street

**INSTITUTE EXECUTIVE COUNCIL.**

1911

BRANDT C. DOWNEY, Chairman, Indianapolis, Ind..... Continental National Bank  
 RALPH H. MacMICHAEL, ex-officio, Pittsburg, Pa..... Mellon National Bank  
 LAWRENCE C. HUMES, ex-officio, Memphis, Tenn..... First National Bank  
 ALFRED M. BARRETT, Vice-Chairman, New York City..... Guardian Trust Company  
 E. A. HAVENS, Providence, R. I..... Mechanics' National Bank  
 A. WALLER MORTON, Chicago, Ill..... National City Bank

1912.

FRANK M. CERINI, Oakland, Cal..... Oakland Bank of Savings  
 WILLIAM S. EVANS, Philadelphia, Pa..... Rufus Waples, Banker  
 E. C. PHINNEY, Minneapolis, Minn..... Northwestern National Bank  
 CARROLL PIERCE, Alexandria, Va..... Citizens' National Bank  
 F. L. UNDERWOOD, Chattanooga, Tenn..... Hamilton Trust & Savings Bank

1913.

GEORGE A. BROWN, Denver, Col..... Denver National Bank  
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**LOANS AND DISCOUNTS.**

By Joseph T. Talbert, Vice-President of the National City Bank of New York—Address at the Annual Banquet of New York Chapter—Contrast Between the Loan Systems of Europe and the United States—Banks as Creators of Credit—What Constitutes the Soundness of Any Loan—Credit Instruments and Their Characteristics—Opportunities for Improvements in American Financial Methods.

I thank you for your generous and amiable welcome. It is a privilege to meet so many members of an Association composed of representatives of the business of banking; a business so powerful that to a greater extent than any other at this time it affects human welfare and influences the destinies of the world. In you I behold the personal exponents of that power. Here among you I come in contact with those minds whose high duty it shortly shall become to grap-

ple with the problems and assume the responsibilities which a rightful administration of that power entails. In accepting your invitation, however, I was moved not so much by a sense of appreciation of the honor as by the fact that I am in harmony with the objects of your Association; that I am in the closest sympathy with your endeavors to broaden your knowledge, and thus to prepare for those greater responsibilities when they shall be placed upon you. On the subject of Loans and Discounts I shall endeavor to speak, but I do so with unaffected diffidence.

I blush when I think of how much I ought to know and of how little I do know of a certainty on this subject, which is so vital a part of banking and which has been my constant study for years.

In considering its various aspects, I have found it difficult to determine the limitations which should be set upon the scope of this discussion. The matter of time makes it necessary to set a limit. I thought at first that it might be interesting to describe in detail the methods of making loans as practiced by American

banks, beginning with the simplest loan made to a customer on his single name paper, and going all the way through the various kinds and classes of loans. I thought of going further, and of discussing the methods of financing undertakings of magnitude, such as large corporations and manufacturing enterprises, the construction of buildings, railways, public utilities, the funding of municipalities and governments, and perhaps explaining, also, something in regard to the details of syndicate loans.

Material is here surely in abundance for a paper unlimited in extent and variety of subject matter. But, after consideration, it appeared that such a paper, while interesting in itself, would be too full of detail, and would present too narrow a conception of the larger subject. It would not involve an understanding of the real function of loans. A lecture of half an hour on such a subject necessarily must be inadequate. Many things must be treated imperfectly or left out altogether.

Thus, eventually I have come to the conclusion that it would be better to limit myself to one or two phases of the subject, and endeavor to deal with them in a more comprehensive way. This seemed especially desirable in view of the prolonged public and private discussion of the nature and functions of loans which must precede the permanent reform of our currency and banking system.

You will be relieved, I am sure, to know that you shall be spared the tedium of all detail, and that we shall consider only certain aspects of our general System of Loans and try to discover wherein that System differs fundamentally from those others which experience has caused to be established in leading countries of Europe and wherein ours falls short in any vital particulars of the more perfected Systems of those enlightened countries.

To contrast the two Systems in a single sentence, it may be said that in certain ways our lending methods, when considered as a System, do not rise above the level of cash advances, the mere lending of money; while in certain important particulars the leading European Systems involve the principles of true banking, the scientific mobilization of reserves and the effective uses of credit. We shall not be on the right road to a sound and permanent System of Loans in this country until we shall recognize the strength and superiority of the European System in those respects, and shall apply the same principles in the utilization of mercantile credits. Experience lends little encouragement, however, to the hope that we soon shall do this. Its accomplishment involves radical changes in commercial usages as well as in banking powers and practices.

No subject is of such immediate and far-reaching importance to the man of business as that which relates to the financial structure by means of which his trade operations are carried on. It is a singular fact that there is in this country more confusion of thought, less general understanding, more diversity of opinion (I might say more profound ignorance), concerning the subjects of currency, finance and banking, and the significance of loans, than of any other subjects in which all men have so common and vital an interest. Certainly there is none concerning which

false doctrines and visionary theories have been so long and widely taught, nor any of which prejudice has taken so firm a hold. This applies quite as much to bankers themselves as it does to the average man of business. Yet, in the science of finance, cause and effect bear a relation one to the other, as definite and quite as easily traceable and proved as do seed time and harvest.

The progress of the American people towards the development of an adequate Banking and Currency System, including the most enlightened uses of credit, has been painfully slow. The people have clung with devotion to their prejudices. They have stubbornly refused to profit by their own experiences, which often have been disastrous. But it is not true to assert that we have made no progress. The signs of the times are more encouraging now than they have ever been, but it is a melancholy fact that much of the report of the Ways and Means Committee made to the House of Representatives in April, 1830, relating to the Bank of the United States, might be taken for current politics.

Whatever may be said of the advantages of the European System and of the necessity of incorporating its fundamental principles into our System, it does not follow that the entire system of any foreign country should be brought here and set up without adaptation to our special conditions.

The existence in the forty-eight separate States which comprise this Union, of no less than seven thousand national banks, all operated as banks of issue, with about double that number in addition operating as private banks or under State charters, without the note issuing privilege, but all conducted as banks of deposit and discount, presents a situation as unique as it is complex. Nothing in any European country, nor in banking history, is comparable to it. Its complexity is bewildering. When we add to this the fact that nowhere are our banking reserves centrally mobilized and protected; that the small central control which might exist is weakened if not destroyed entirely by having these reserves widely scattered and in part artificially constructed; that no institution or set of institutions possesses even the semblance of power to protect the gold reserves of the nation; that each individual unit of the whole 21,000 or more, however small, must shift for itself in respect of its reserves, and that in seeking individual protection it must do so at the expense of others; when we consider, too, the helpless and hopeless inefficiency of unrelated and unsupported individual efforts of our banking units as compared with the strength and unification gained under the European Central Discount System, we begin to gather some small idea of the difficulties of our Independent System. It cannot, in truth, be called a system at all. It is but a patchwork of laws and of units grown out of circumstance and necessity. It is true the existing Emergency Act of 1908 sought in a way to remedy for a time some of these difficulties, but that was not designed as permanent legislation. It is to be hoped that during its brief existence no condition may arise that justifies a resort to it.

A System is a combination or assemblage of things adjusted and related as a concrete whole; or a



number of things so connected and disposed according to mutual relations one to the other as to form a complete or complex whole. Certainly no such relations exist among our various classes of banks in the conduct of their business affairs; nor are such relations ever attempted except during the stress of a panic when the naked question of existence becomes paramount to all other considerations and renders some form or combination among disjointed units imperative in the common interest.

Without attempting the niceties and exactness of a scientific definition of banking, it may be said that the ordinary American bank, whether conducted as an institution incorporated under State or federal laws, or operated as a private business, is an organization designed to collect the unemployed funds of the community in which it is located, and to lend those funds to the borrowing community, which in general may be classified as the trading element of that community. In short, the business of banking embraces primarily the function of collecting and lending capital. Banking, therefore, is the business of dealing in credits.

It is not easy to overestimate the advantages won to commerce and hence to civilization by bankers, through their inherent power to create credits. And they should not have that power or the right to mobilize it abridged. This is the modern scientific development and application of banking power. The confusion of barter thereby is brought to order; an apparatus is provided with which the tradesman works like an artisan with his tools. There is no parallel so close, as regards the kind and degree of assistance afforded, as this between credit, the instrument of commerce, and those other instruments which are the creation and the aids of man's manual dexterity. By as much more as when supplied with these mechanical appliances man can traverse space, shape and transport materials, bring out of the earth its treasures, frame textures, disseminate intelligence, annihilate time and distance, observe the minute, measure the abysses of the universe, and weigh revolving planets in their orbits, beyond what he could encompass with his unaided physical powers, by so much is the reach and grasp of his activities, the value and efficiency of his labors increased in the conduct of commerce by the application of credit. By as much more also is the sum total of human comfort, happiness and progress advanced and assured.

A loan is a present advance of cash or of credit against a belief in its future payment. Credit means belief. A loan may be either in the form of a cash advance, or of a credit upon an open account, or against a written promise to pay, which in the ordinary form is the promissory note of commerce. The effect of a loan is the same, in whatever form it may be made. When a loan is made a credit thereby is created, a new power to purchase goods or to pay debts is born, an active and potential force is set in motion, and that force exists and continues to exert an influence until it is quieted by the extinguishment of the debt.

Thus banks become, by reason of their natural functions as the collectors of unemployed capital, the reservoirs of that capital; and by the exercise of their lending powers they become at the same time the ex-

tinguishers of trade indebtedness. In these two elements lie the chief usefulness of banks in the conduct of trade. They combine the power and the machinery to utilize existing debts, or through the creation of new debts, the ability to offset and discharge other debts. No greater service to a community or more important function for the purposes of trade could or ever will be, exercised by any organization devised by man. This power in modern times has been greatly augmented by the use of exchanges and by the methods of "clearing" exchanges between banks. This method, however, involves only an extension of true banking power. In the daily clearings of exchanges we realize in a way the extreme utilization of credit. It is in exercising the right of offset; in the ability to pay debts which you owe to others with the debts which others owe to you. This is of the very essence of simplicity and soundness.

The inherent test of the soundness of any loan or credit is its ability at maturity to liquidate itself. Now we begin to arrive at an understanding of the reason why mercantile loans of high class are everywhere considered desirable. It is because of their inherent power of self-liquidation. A secured loan may be immeasurably safer against risk of eventual loss, because of the security placed behind it, but such loans may be far less desirable as banking risks because of the uncertainty of their repayment without sacrifice at a given time. Often, in times of great stress, it has been proved that loans, even when based upon the highest class of securities, whether at call or upon time, may not always be relied upon, because their conversion into cash at such times may involve sacrifice either to the borrower or to the lender. What is worse, compelling the payment of loans in such circumstances adds fuel to the flames. Experience has shown that the one class of loans which with greatest certainty may be depended upon to liquidate without increasing the tension during periods of financial disturbance, is the merchant loans. The market value of bonds depends at a future time upon the conditions which may exist at that time; the value of a given security bought for speculation and borrowed against, depends upon the conditions of the hour; while the safety of a mercantile loan depends, not upon any of these conditions, but upon the solvency of the merchant himself and upon the soundness of his credits. And these do not necessarily, or even as a rule, depend upon any local or temporary condition.

Seeing now the safety of trade loans, and the reasons from a banker's point of view why they should be so regarded, we come to consider two classes of loans (growing out of legitimate trade transactions) which are commonly employed in Europe. It is our purpose to contrast the use made of these credits in Europe with that made of actual trade loans in this country. The first of these two classes, of course, is acceptances, whether made by banks or by firms. The second is the ordinary trade note, made on short time and bearing two or more signatures. In Europe it is the usual practice where credit is extended between tradesmen to settle the transaction by one or the other of these methods. The resulting paper runs anywhere from 30 to 120 days, although from 60 to 90 days is the custom.

Acceptances are of three kinds. All embody the same principle, and involve but slight modifications in detail. A merchant instead of borrowing cash or taking book credit of his bankers may arrange to borrow the use of the bank's credit for a certain length of time and up to a certain amount. To make this credit available he draws his time drafts on the bank. The bank accepts these drafts for a commission varying with the circumstances, but the customary charge is one-quarter of 1 per cent. After procuring the bank's "acceptance" the merchant may use these credits directly in the settlement of his trade bills, or he may sell the acceptances through bill brokers in the open market. In the case of acceptances made by prime banks (that is banks in the highest standing and credit), the paper always finds a ready sale at advantageous rates. If instead of selling the accepted bill in the open market the tradesman chooses to discount it with another tradesman, the merchant receiving it may readily re-discount such a bill at his own banker's, or he may sell it through brokers, with or without his endorsement. Then again, a merchant buying goods, whether in domestic or foreign markets, may arrange with his bankers to accept for his account drafts drawn by the seller of the goods. Such drafts are accepted by the bank for a similar commission and they find a ready sale in the same manner as in the case illustrated. Or again, a merchant selling goods to another may by arrangement draw directly on the buyer instead of on the buyer's bankers. These acceptances (when both drawer and acceptor are in good standing) also find a ready sale and are freely discounted, but naturally at slightly less favorable rates than are granted to the acceptances of prime banks. In a similar way, all trade obligations when not paid in cash or settled by one or another of the several forms of acceptances described, are closed by short time notes. Such notes, when endorsed by the payee (and when both maker and endorser are in good standing), are likewise readily discountable; although, as in the case of the two-name mercantile acceptances, the discount rate is of course not quite so favorable as in the case of prime bank acceptances.

The name of a first-class bank on an acceptance enables the holder to discount the paper at a rate which is generally sufficiently more favorable than can be obtained on two merchants' names as to justify the borrower in paying the bank's commission for acceptance. Therein lies the advantage of a bank's acceptance. Drafts (for such they are until they have been accepted) may be drawn either with or without documents attached. In strict trade transactions, such as we are considering, attached documents usually relate to shipping, and consist of bills of lading, consular invoices, or of similar papers. Where such drafts are drawn on first-class banks, it is customary to release or surrender the documents on acceptance of the bill. The reason for this is that the bank when it accepts a bill thereby becomes the primary debtor and it is no longer necessary for the holder of the acceptance to look to the documents for his security. The bank may, and very properly does, as a rule, hold these documents, or others which may be substituted for them, for its protection. We have already seen that these bank acceptances, and legitimate

two-name trade bills and notes possess for banking purposes a special and peculiar value because of their quality of self-liquidation. This quality gives them in European countries a wide market, not only among banks of discount but among private investors, who know that by reason of the ready market for such paper and the inherent solvency of such loans they are more to be depended upon than any other class. Bankers know that in event of any sudden or unexpected need on their part such paper may be not only readily sold in the open market and thus converted into cash or its equivalent, but that such paper always may be turned into the central bank and discounted in exchange for bank notes. These notes are good alike for reserve purposes or to discharge demand obligations.

We may bring home to ourselves a fine illustration of the usefulness of this system (and we may see how to a large extent we profit by it) in the fact that each year there flows from the United States into European markets a steady stream of these drafts with documents attached. Such, for example, as those drawn against cotton, amounting in the aggregate during a season to three or four hundred millions of dollars. On arrival these drafts are accepted by the banks on which they are drawn, and they immediately find their way into the loan accounts of bankers and investors without the slightest financial disturbance or tightening of the local money market. They are readily absorbed because of their absolute convertibility in case of need. Imagine what a strain we should groan under in this country if loans in our chief cities should in three or four months every season be increased in such tremendous amounts. In the case of London and Continental cities generally, this item of acceptances is not seasonal but is continuous and of great volume.

Drafts flow in from all quarters of the earth whence goods are imported, and these credits are silently and safely absorbed. Let us examine now into the secret of the matter. It is not a mystery to bankers engaged in international trade, but it is none the less a subject of absorbing interest to all who study it. There are two explanations of this enormous and apparently easy power to absorb trade indebtedness. The power of a bank to accept a draft enables it to make use of, and to sell for a legitimate profit, its credit on short time without parting with its reserve money. Through the sale of this credit trade goes on and is financed while the banks' cash reserves are held to meet current demands or to serve as a basis for direct loans and advances. The acceptances of leading London banks amount normally to about twenty million pounds sterling, or say roughly \$100,000,000. London banks, therefore, through their power to grant acceptances are enabled to lend for legitimate uses in trade vast sums without depleting their reserves one pound and without impairing to the extent of a single farthing their power to make additional loans or cash advances directly to borrowers. The same is true in practically all the great European countries. In our own country, because banks are not permitted to lend their credit, the granting of \$100,000,000 of additional loans in any Central Reserve City would mean the immediate withdrawal from the

channels of trade and the locking up of \$25,000,000 of gold or legal tender money.

A bank's credit belongs peculiarly to itself. Its credit and standing depend, in the first instance, upon its capital strength, next upon the character and recognized ability of its management, and finally upon its established reputation for sound methods and correct banking. The three elements combined are the property, not of a bank's creditors, but of the institution itself, and they are among its most valuable assets. This asset may be denominated "good will," but it is none the less a tangible, legitimate and actual asset of stability and of value. Yet under our System no use whatever may be made of it, save the indirect one of attracting business. In Europe a premium is set upon these intangible but valuable assets of a bank by permitting the sale or lending of its credit. The whole borrowing community, as well as the bank itself, thereby is benefited. Here such use of credit, even by the best and strongest banks, is denied, greatly to the restriction of the legitimate use of banking power, and with corresponding cost to the borrowing community. Our System greatly needs strengthening in this respect.

The power to resell trade bills in the open market or to rediscount them at the central bank in exchange for notes or book credits (which may be converted into cash reserves) is the next and most important reason for the easy absorption among European banks of such paper under practically any conditions of financial disturbance.

Thus it will be seen that by means of this Discount System the current transactions of trade covering the period required, let us say, for a manufacturer to purchase raw materials (even in a foreign country) and to manufacture and sell the finished products (perhaps in another foreign country) may be financed at home without disturbance. It is because the credits which are granted among tradespeople, one to the other, are, through the machinery of the Discount System converted into safe, vitalized, debt-paying capital without the locking up of reserve money. It is because use is made of the principle that a sound credit though unmaturing is potential capital. A draft drawn in a foreign country by a shipper of a raw commodity on a home merchant or manufacturer say, on 90 days time, not only thus is potentially capitalized and given a debt-paying power, but it even may be made the safe and sound basis for Imperial bank note issues. Let us fix this clearly in our minds, and let us understand what it means to tradesmen, and to all persons who borrow money to have a financial system which is capable of converting trade credits into sound and safe bank notes. To put it briefly the system affords the means of extending in a scientific manner to short time paper of known soundness the same power to offset debts which we now in this country utilize in part in the daily exchange of demand obligations in the form of checks and drafts through the Clearings. One is as safe as the other. It is a difference in the degree of utilization and not in kind; a difference in extent to which the principle of offset is applied.

At the risk of redundancy, I wish once more to emphasize the point that inasmuch as bona fide trade

debts possess the power of self-liquidation—that is, the ability to take care of themselves—it is folly not to use such debts, through the agency of banks in the liquidation of similar debts, without the locking up of cash reserves. The principle which we utilize in clearing demand checks and drafts between banks by offsetting one against the other, thereby employing a minimum amount of actual money, may with equal safety and effectiveness be extended to offsetting short time trade debts without the use of cash. In fact it amounts to the same thing.

In the last analysis a check is a form of trade paper. Of the total amount of checks and drafts issued daily only an infinitesimal fraction represents anything but actual business transactions. These items are handled by banks in sums representing hundreds of millions of dollars a day. They are credited and cleared without loss. Checks are good not because the banks on which they are drawn are good, but because the drawers themselves are good. In exactly the same way, and for precisely the same reasons short time trade notes are good. The makers are good. Therefore under circumstances where the redemption facilities are such that the average time for a bank note to remain outstanding is, say 28 days, a bank may with absolute safety issue its circulating notes or grant its current credits, which amounts to the same thing, against bona fide trade paper, well endorsed, and of corresponding maturities. Such credits take care of themselves as they mature and in doing so they enable the bank to redeem its notes. Thus we travel around in a larger circle and may take a little more time, but we move with no less certainty or safety in dealing with 30 day credits than in handling demand checks, and in clearing them. No new principle is invoked in the case of credits based on short time trade paper, nor are any additional banking risks involved.

What a gulf between these European systems and ours! The effectiveness—I might say the beneficence—in daily use of the European Discount System could be proved in no better way than by pointing to the fact that, when in the throes of panics and financial cataclysms, we have been forced repeatedly to resort to a modification of that system, or to improvise a system which serves that purpose temporarily or else to face the alternative of complete suspension of payments and the utter collapse of credit. We have turned to it repeatedly and always with safety; nor has it ever failed to bring quick restoration of financial tranquility.

If this may be done beneficially in times of panic, why might it not be done normally to the great advantage of trade in supplying notes, in steadying interest rates and in preventing the possibility of an approach to conditions likely to precipitate a money panic?

Let us briefly contrast the European system with our own in the matter of loans and credits.

In this country we have no system of acceptance at all. Time drafts drawn by foreign shippers on our importers must all go to London for acceptance. American banks are deprived of that business because they are denied the right to accept drafts or to lend their credit. So drastic is the law in respect of this in the case of national banks that it is made a criminal of-



fense to accept a draft or a check on open account, or even against securities in hand, or under any circumstances except against an actual balance subject to check on the bank's books at the credit of the drawer. This law was, of course, not designed by its framers to hamper legitimate trade transactions, but such is its effect in actual practice. No distinction in such cases is made between actual trade drafts or checks and those which represent speculative operations. Therefore the operations of lending and of discounting are confined among our banks to advances of cash or of book credits to a customer, subject to his check, against which, of course, a reserve must be carried; or to the purchase of notes, misnamed "commercial paper," which may be offered in the open market by note brokers, generally on single names and unsecured. The purchase of such securities involves of necessity the paying out by the bank of the total amount of the proceeds of such notes to the depletion of its cash reserves and to a corresponding extinction of its power to lend. Trade paper bearing two or more names of the better class practically is unknown here.

All good merchants, importers and manufacturers borrow, if at all, on their own paper directly from their banks or through note brokers in the manner already mentioned for the purpose of discounting their trade bills. This is to say, they borrow for the purpose of paying merchandise bills before maturity in order to obtain the trade discount, when it amounts to more than interest paid. All such borrowing involves the locking up by the lending bank of 25 per cent. of the amount borrowed, and consequently increases to that extent the cost to the borrower.

Only that class of dealers or manufacturers whose trade accounts are permitted to run to full maturity, and who thereafter find it necessary to seek further time because of their inability to borrow at banks and through brokers, are expected or required to settle their trade obligations by notes. In this country, therefore, trade paper in the strict sense, when it exists at all, is, as a rule, not nearly so well rated or so desirable as a banking risk, as is similar paper in European countries. Our system not only discourages, but does not permit such paper to be called into existence. One of our great needs, therefore is the extension of our banking power in respect of acceptances and of ability to call into existence real trade paper, and effectively to use it.

The objections to the paper of business concerns, which is handled by note brokers and which for the most part is single-name, are that as a rule the notes are made on much longer time than was formerly considered to be good banking. The limit of time for a trade note to run has been considered in the light of experience to be three months, or at the utmost not more than four months. As short a time as thirty days is much more desirable. As a rule the time on ordinary broker's paper is six months, and often longer. The reason for thus extending the length of time which the notes handled by brokers run lies, of course, in the fact that all such paper is sold on the basis of a straight brokers commission of so much per thousand dollars. This commission usually is a flat one-quarter of one per cent. of the amount of the note, and is not computed at the rate of one-quarter of one per cent. per annum. Con-

sequently, the longer time a note runs the less rate per cent. per annum the borrower pays in the way of interest and commission.

Of course this undue lengthening of the time of notes given for borrowed money to be used in trade is unsound and pernicious in that it takes away even from the best paper the prime quality which makes such obligations desirable, that of quick liquidation. It leads naturally to over-borrowing. Eager competition for paper of the best known houses and the fact that brokers strive by all means to induce such concerns to put out their paper, is highly detrimental to soundness and stability. The ease of borrowing on long time unduly tempts and sometimes misleads under fair promises even the most prudent and cautious. Another unsatisfactory feature is presented in the fact that because it is easy under our system for a good concern to sell its paper through note brokers, they are enabled apparently to clean up at their banks, and to make a record of going out of debt. As a matter of fact such borrowers frequently do not go out of debt at all, but merely shift their indebtedness through the help of brokers from their regular banks to an unknown number of other banks scattered throughout the country. This tends, as already said, to over-borrowing, and to the lulling of even the most conservative into a false sense of security, the unsafety of which is brought to full realization in times of distress. This condition would be impossible under the European system and is wholly unknown there.

Another feature to which attention should be invited is that the rapid absorption of the loanable funds of European bankers and private investors through the purchase of acceptances, tends to prevent abnormal accumulation of idle funds in the financial centers, which we witness here periodically and which now is manifest.

Such accumulations, because of a lack of other channels of employment, eventually find their way into speculative undertakings. New York in general, and Wall Street in particular, sometimes have been sharply criticized for this. The censure should be directed not at New York, nor at Wall Street, but at our system which compels the collection of unemployed funds here and in other reserve centers seasonally, and at the same time diverts from our home banks an enormous volume of our best and most legitimate trade credits—those which grow out of the importation of goods—to seek lodgment in the port-folios of foreign bankers. In such circumstances, resort to loans against stock exchange securities, is a matter not of choice, but of necessity. Such loans are made not to encourage speculation, but to prevent actual loss to the extent of the amount of interest paid. Fortunately the proposed plans of reform seek to remedy some of these evils and it is to be hoped that they shall become laws.

Whatever may be the defects of our system, it is our plain duty now to wake up, and to strive to perfect our system as well as to remedy our mistakes. We should seek now to adopt, and to put into practical use, the best methods which the world employs in its financial, monetary and credit systems. The time is ripe for it, our commercial importance justifies it, our trade needs it, and the necessities which arise out of the complexities of our modern civilization demand it.



**BANK ADMINISTRATION.**

By Oscar L. Telling, National Bank Examiner and Chief of the Reports Division in the Office of the Comptroller of the Currency—Address Delivered Before Washington Chapter.

During recent years more especially bank administration has been naturally divided into three great general divisions; external administration, which may really be termed supervision by the Federal or various State authorities; internal administration, the responsibilities of which may be divided and sub-divided as many times or as long as there is good, or, at least, what is thought to be good, material for directors, senior and junior executive officers; and that administration which cannot be said to be entirely from without or within, but which from the viewpoint of the modern conservative banker is very nearly, if not quite, as essential as either of the other two, viz., Clearing House administration.

At present nearly every State in the Union has some kind of a law regulating the banking business, and in almost all of these, State banks, in order that the State authorities may intelligently supervise their affairs, are subjected to examinations. The national banks may be examined as frequently as the Comptroller of the Currency may determine, who, by personal interviews with the directors and active officers and by having his examiners hold meetings with boards of directors, if necessary supplementing these interviews and meetings by correspondence addressed to the boards of directors, undertakes to supervise or externally administer their affairs.

Inasmuch as it would be physically impossible to discuss, in one evening, administration of banks both from without and within, I take it that the members of this chapter would be more interested in what one of the employees of the office of the Comptroller of the Currency may have to say concerning the Clearing House and the internal administration of a bank than what might be said relative to the external administration or supervision of the affairs of banks, both State and national, and—in consequence—my remarks will be more directly addressed to Clearing House administration and to what may more or less be termed ideal internal administration or management.

**Clearing House Administration.**

The general public, whose opinion in the end usually rules, has come to regard the Clearing House Association as something more than an association formed for the purpose of providing a convenient place for the exchange of checks. Next to Federal the State supervision, the people are to-day looking to the Clearing House Associations of the various cities to safeguard their deposits, not only in the city banks and trust companies, but in the country banks as well.

It is the opinion of the Comptroller's office that the Clearing House Associations should act as local pilots in financial matters, and that these associations by adopting some system of administration should safeguard the welfare of their respective communities by preventing incautious, improvident, or dangerous banking. I feel that the Clearing House Associations, as a whole, have been in the past and are even now, more or less reluctant to assume the moral

obligations placed upon them by the public—the first effective Clearing House administration being established but five years since.

This reluctance can, in part, at least, be attributed to opposition by one or more of the individual members of the Clearing House Association. The banker, who is opposed to Clearing House administration, in effect, usually states that this is a free country; that his bank's business is not the business of any other bank or banker; and that he will not be humiliated by having his competing banker advise with him about the affairs of his bank.

True—this is a free country, but nevertheless we protect the law abiding citizen against the criminal; we protect the healthy against the diseased; it is nothing unusual to hear of a community saying that factories shall not be located in the residential portion of the city; we say to the owners of high explosives that they shall not carry over a certain quantity of the explosive in any one warehouse; and so it goes—ad infinitum.

More dangerous to the financial welfare of the community than the criminal; the diseased or the high explosives is the recklessly managed bank. Hazardous banking is the concern, not only of the bank practicing these methods, but of every other bank in the locality—aye—the country—because mistrust of one leads, in a greater or lesser degree, to a mistrust of all.

It has been my experience, and I believe the experience of every examiner, that solvent, well managed banks have at times been seriously embarrassed by the suspension of a neighboring bank. Realizing this, may I ask if it is not the duty of every banker in the community, by a full and intelligent co-operation with his brother banker, to safeguard the welfare of every financial institution of that community? May I ask if a just regard for his stockholders does not demand that the banker shall take proper steps to protect their interests?

By answering both of these questions in the affirmative, may I ask if it is not demanded that the banker shall prevent, as far as possible, the practices of his neighboring bank, which every conservative banker knows will lead to disaster? If you agree with me that, from the viewpoint of self preservation alone, it is the banker's duty to see that his neighbor does a safe, sane, conservative business, how can he better perform this duty than by himself submitting to effective Clearing House administration, and at the same time insisting that his neighbor does likewise.

Bankers and examiners alike know that borrowers frequently obtain, in the aggregate, a line of credit to which their financial responsibility does not entitle them, and we likewise know that the fever of competition causes many a banker to extend a line of credit beyond the limit of prudence. It must be exceedingly exasperating to note that the neighboring bank has granted a loan which for some good, sound, banking reason you have refused. Frequently we hear the excuse that, if a bank complies with our demand by curtailing an undesirable line, the Comptroller's office is driving business to a competing bank. And so it goes, the competition is ever there and by all, except the ultra conservative, is used as an excuse for doing what sound banking does not permit.

Although the deplorable results of corrupt and incompetent banking have been more or less minimized by neighboring banks coming to the assistance of the failing banks, there has as yet been evolved no perfect system looking to the prevention of the corrupt or inefficient practices leading to such failures.

By strong, careful Clearing House administration much may be done to anchor the feet of the neighbor to the sound foundation of conservative banking. If the Clearing House Association employs an examiner, he will at all times have his finger on the financial pulse of the extended borrower—a thing no one bank can do.

The financial statement of the individual, firm or corporation is taken into consideration by every bank in fixing the amount of a line of credit, notwithstanding the fact that the bank rarely if ever can verify the most important thing concerning the borrower's financial condition, viz., bills payable and contingent liabilities. By careful Clearing House administration the aggregate of the commitments of at least the larger borrowers is always obtainable.

One of the most frequent objections made to the employment of a Clearing House examiner is that, as soon as the examiner is thoroughly familiar with the credit lines of a city, some local bank may offer him flattering inducements to become associated with it as an executive officer. The national bank examiner is always at liberty to leave the Federal service and enter the employ of any bank offering him a situation, but it is usual for a Clearing House Association to safeguard the rights of its members by requiring the Clearing House examiner to enter into a contract that he will not become associated in any banking business within a radius of at least three hundred miles for a period of at least three years after his separation from the service of the Clearing House Association, and the fulfillment of this agreement is insured by requiring the Clearing House examiner to furnish a good and sufficient bond guaranteeing his compliance with not only this particular provision of his contract, but others as well.

There are at the present time Clearing House examiners in numerous cities, in all of which the Clearing House examiners and the national bank examiners are working in the most complete harmony with the net result that there is real effectiveness in their work.

Comptroller Murray is not only a staunch advocate of the employment of Clearing House examiners, but would be greatly gratified to see one employed in every city in the United States having a sufficient number of banks to justify such employment, and he firmly believes that within a very few years there will be Clearing House examinations in practically every city having a Clearing House Association.

As Comptroller Murray stands committed to give the Clearing House Associations the result of any investigation made by national bank examiners, provided a properly authorized committee makes request for such information, the Comptroller's office will in every way co-operate with the Clearing House Associations where no Clearing House examiners are employed.

No objection to Clearing House administration can be urged which does not equally apply to the Federal and State supervision. Other things being

equal, action taken upon the concerted judgment of several bankers is very much less liable to lead to disaster than action taken upon the judgment of any one individual.

As bankers we all recognize the right of both the Federal and State authorities to guard alike the interests of the shareholder and depositor, and whatever assistance strong, conservative Clearing House administration can lend to this most desirable end should be given without reserve.

The greatest power for good banking in this country to date is the Clearing House Association which employs a competent Clearing House examiner.

#### Stockholders.

Strange to say it is seldom that one hears mention of the stockholders—especially the minority stockholders—the individual who, in many, many instances, with the hope for small dividend returns, invests his money in the capital stock of a corporation without a reasonable hope that he may ever have even the slightest voice in its administration or the shaping of its policies; the individual who, next to the depositor, has the least protection of any one of the bank's creditors.

The Federal law and most, if not all, of the State laws provide that in the event of a bank failure the depositor shall have the protection of a double liability of the stockholders, and from my experience I am constrained to state that many of the stockholders, in State as well as national banks, give this liability little, if any, thought, until their bank has sustained serious loss. During the past year I have assisted in placing several national banks in voluntary liquidation, to the end that disastrous consequences to the depositors might be averted, and in each instance I have been more and more impressed by the comparatively small percentage of stockholders who could respond to an assessment of 100 per cent. if it had been necessary to levy such an assessment to pay the depositors.

Because of the relatively large dividends paid on the stock of many banks, these stocks have come to be regarded as "gilt edged" investments, thus causing many individuals to invest their savings therein, and many directors, officers, or large stockholders of banks have by will bequeathed their stockholdings to relatives for the purpose of insuring dividends.

As an evidence that it occasionally gives an incompetent or unscrupulous banker control of a bank by making him administrator of the will, which makes your stockholdings a part of the corpus of a trust, the following instance is related:

Last fall the Comptroller of the Currency directed me to go to a town of about 8,000 inhabitants in a middle Western State for the purpose of placing a bank in liquidation before a receiver became inevitable. I found that 51 per cent. of the stock of this bank was part of the corpus of a trust, made so by the will of a former president of the bank. The president in active charge of the bank was the administrator of the estate, thus placing him in absolute control of the situation. Naturally his directors were "dummy" directors, because as directors, they were his creation. As such they did not control the policy of the association, and as such sat idly by while this inexperienced young banker not only ruined the

bank, but endangered the welfare of the depositors as well.

The majority of stockholders in banks are not only satisfied but actually believe their association to be exceedingly well managed, provided they receive the usual semi-annual dividend, and many boards of directors and executive officers, who have administered their trust in a scandalous manner, have perpetuated and are perpetuating themselves in office by the dividend paying method.

The bank is the trustee of the funds of the public and under the law the stockholder, if he is financially responsible, cannot escape this trusteeship by delegating it to the directors and executive officers. In my opinion it is incumbent upon stockholders of banking associations to attend the annual stockholders' meeting, to the end that they may have a personal knowledge of both the financial and moral responsibilities of the individuals who are to be elected to the directorate and to whom they look to conserve the interests of the stockholder and depositor alike.

#### Directors.

If any one of the administrative efforts of Comptroller Murray stands out more prominently than another it is, in my opinion, his persistent and determined efforts to bring about more effective directorial supervision. In fact the insisting upon directors being in close touch with the affairs of their banks has been the key note in his administration of the Comptroller's office—has been the solid foundation upon which he has breathed the breath of modern banking life into a more or less obsolete or antiquated banking law.

I state from experience and without fear of contradiction that practically every national bank failure, at least since my connection with the Comptroller's office, has been the result of the most shameful neglect and inattention on the part of its inactive directors.

One can hardly believe that men standing high in the estimation of the average individual of the community in which they may live would permit their names to be used as directors of banks for the purpose of attracting deposits without giving those banks some attention.

The honest director, who gives the bank no attention, if anything, is from the depositors' viewpoint more reprehensible than the criminal director. The latter with his associates may steal the bank into insolvency in a day, a week or a month, while the former by his masterly inactivity permits his bank to drift upon the rocks of financial misfortune during which time his friends and business associates—the depositors—believe he, by careful supervision of the bank's affairs, is safeguarding their savings or business capital.

A considerable portion of the board members in large city banks are men of large affairs who have been elected to the directorate because of their financial standing, which the stockholders hope will add to the prestige of their bank, thus bringing it additional deposits. It is not to be expected that board members of this character should give time and attention to a bank to the detriment of their own business affairs, but it is expected—aye, demanded—that they should so surround the active executive officers

by committees of active board members as to properly safeguard the interests of the shareholders and depositors.

With the so-called country bank it is different. Here you do not usually find board members whose personal affairs are so large as to interfere with their duties as directors and, strange to say, it is this class of directors who know the least about the affairs of their bank.

As a national bank examiner I dread to examine, and as one of the executive force of the Comptroller's office I dread to supervise, the affairs of a bank whose directors or at least a majority of them know little, if anything, about its condition. The examiners and the Comptroller's office alike dread the so-called "one man bank," conveniently placed in one of the following classes:

First.—The family bank.

Second.—The bank whose board is dominated by an individual, usually an active officer, who controls the annual election by owning a control of the stock or obtaining such control with the assistance of the "dummy" stockholder who gives his proxy for the asking.

Third.—The bank whose board is dominated by a "community of interests." By the expression "community of interests" I wish to be understood as defining a condition usually brought about by the dominating influences on the board, or their financial associates, borrowing an undue amount of the bank's funds. In common parlance, being a case of "you scratch my back and I will scratch yours," or "the pouring of the bank's funds into one pot."

The shadow lines of these three classes of banks so completely overlap each other as to make it difficult to locate the exact line of demarkation, but when trouble comes it usually spells disaster to all concerned. Although theoretically the stockholders elect the directors, who in turn elect or appoint the active officers, in actual practice just the reverse is true, especially in the "one man bank."

The individual, the family, or the community of interests, as the case may be, elect the directors, the result of which election is the most grotesque of all hybrid financial creatures—"the dummy director."

Notwithstanding the courts have held to the contrary, many directors of banks believe, or at least act as if they believed, that they have properly discharged their duty to the stockholder and depositor alike, when they have selected active executive officers for the bank upon whose ability and integrity they believe they can rely, and to whom they can delegate the management of the bank's affairs.

Please harken to what some of our learned jurists have to say concerning the responsibilities of directors of national banks as required by law: "Directors of a national bank must exercise ordinary care and prudence in the administration of the affairs of a bank and this includes something more than officiating as figureheads."

Again—"The idea is not to be tolerated that they (that is, the directors) serve as merely gilded ornaments of the institution to enhance its attractiveness, or that their reputations should be used as a lure to customers."

Again—"They ought not, by accepting and holding the position of directors, to give assurance to stock-



holders and depositors \* \* \* \* that the bank is being safely and honestly managed without doing what prudent men of business recognize as essential to make such an assurance of value. A banking corporation avowing that its business was to be wholly administered by executive officers and that the directors would have nothing, in fact, to do with its management would not long retain the confidence of stockholders and depositors."

Again—"The board is bound to maintain a supervision of the bank's affairs, to have a general knowledge of the character of the business and manner in which it is conducted, and to know at least on what security its large lines of credit are given."

I have examined banks in nearly every State in the Union and these examinations have been of the good banks, the indifferent banks and the almost, if not quite, hopelessly bad banks. After hearing some of the things the courts have said concerning the duties of directors of national banks, I am sure you will be interested in a brief history of some of the most flagrant cases of directorial inattention with which it has been my misfortune to meet.

About one year since we received word in the Comptroller's office that a national bank located in a city of fifty or sixty thousand inhabitants had suspended. I was directed to go to that place at once for the purpose of averting a receivership if possible. The president had continuously served the bank in that capacity for 15 or 20 years; he controlled a large block of the stock and under its management the bank had regularly paid a semi-annual dividend to the stockholders. He was one of the most respected and was supposed to be one of the most substantial citizens of the place; he had a reputation for fair dealing with his fellow-man, and was generally rated as being very wealthy.

Here I found a bank with a most representative board of directors, the members composing the board being a newspaper editor and owner; a brewer; a capitalist; a physician, and a couple of prosperous merchants, all of good financial and moral standing in the community in which they resided.

At the first meeting of this board, composed of men who had successfully conducted their own affairs, it did not take five minutes to demonstrate that I was in a "one man bank," and that the "one man" was the president. Notes of persons dead for seven years were in the active loans to cover defalcations; in my presence the directors had a spirited discussion as to whether or not the maker of one of the large notes was dead or alive, the director who was a physician, maintaining the maker had been dead for several years; notes executed by an individual before going through bankruptcy were carried with the current bills and I really believe that it would take all of the time allotted to me this evening to tell you what these directors did not know about their own bank.

Do you think the average citizen of that place, whether a depositor or not, could be made to believe that these representative men composed what was in fact a "dummy board of directors?" Even now it is difficult for me to realize that these men could have stood idly by and permitted their bank to go to ruin. The president so completely dominated his directors that he did not believe it necessary to advise with

them and as they did not insist upon knowing something of the affairs of the trust the stockholders had placed in their hands the usual harvest of such conditions—failure—was staring them in the face. During my first session with that board, a capital, surplus and undivided profits of about \$290,000 were wiped out by the charging off of losses which had been accumulating for years.

In order to protect the depositors the directors and such of the stockholders as were financially able, responded to an assessment of 100 per cent., and a noble and public spirited citizen purchased the stock and paid the assessment of such of the stockholders as were not financially able to respond, while the president, to save himself from a term in prison for misapplication of funds, committed suicide before the authorities succeeded in bringing him to trial.

I will guarantee that every one of the directors of that bank to-day could almost give you the liability of every individual borrower without consulting the liability ledger.

An instance of what can happen in a family bank. A father by years of diligent application, with the exception of a small holding for himself and wife, procured and placed all of the capital stock of his bank, having a capital, surplus and undivided profits in excess of \$150,000, with deposits of nearly \$500,000 in the hands of two sons and three daughters, the two boys becoming the active officers of the bank upon the retirement of their father.

The board of directors was composed of the family, the women members never attending a meeting, even a meeting of the shareholders. The boys invested the bank's funds in such luxuries as a racing stable; a jewelry store; a dog and pony show, and such-like. At the end of two years of this kind of management the bank went into voluntary liquidation under my supervision after the father had assigned his accumulations of years to the liquidating agent to protect the depositors.

An instance of what can happen in a bank controlled by a "community of interests." By reason of being a son-in-law of one of the larger shareholders a young plunger became the active executive officer of a bank, later acquiring absolute control of the stock by hypothecating the stock standing in his name for purchase money.

The substantial members of the board resigned and then this young plunger, together with two or three of his directors—these directors composing the "community of interests" and remaining on the board to influence him—purchased a small uncompleted railroad, finally investing over 60 per cent. of the bank's deposits in this venture. When the road was partially completed the depositors commenced to slowly withdraw their funds, and if a capitalist had not come to the rescue of this fool-hardy and inexperienced "community of interests" the depositors would now be asking the receiver of that bank when he was going to pay the first installment of their deposits.

The supervising authorities, both state and national, are by every means available impressing directors of banks that they will not be permitted to serve as such if they do not familiarize themselves with the affairs of their associations.

The more successful the man, the more does he think, study and plan, as a part of his daily occupa-



tion in the development of the affairs in which he is interested. If an individual owns sufficient stock in a banking association to permit of his serving as a director of that association how, may I ask you, can he enhance the value of his stockholdings more rapidly than by devoting a very small part of his time to the supervision of its affairs?

Inattention on the part of directors should not be tolerated by the stockholders, the depositor, or the supervising authorities. When public opinion becomes sufficiently aroused to compel directors of banks to attend diligently to their duties as such, bank failures will be almost, if not entirely, eliminated.

#### The Executive Officer.

There is not a member of this Chapter within the sound of my voice who is not or does not hope to be the active executive head of some banking corporation—a very laudable ambition indeed. The executive officer in a small bank may be the only salaried employee with a few thousand dollars of assets under his control, while the executive officer of a large city bank with a hundred or more employees serving under him, may control many millions of dollars of assets.

Bank administration under the executive officer may be defined by the one word "organization." The duties and responsibilities of every officer and employee should be unmistakably defined. Theoretically the executive officers of a bank are chosen by the board of directors and are supposed to supervise its business affairs even to the point of directing the policies of the association.

The chief of these executive officers is usually the president, except in the smaller banks where the cashier acts as the executive head. Except in perhaps the very large institutions the executive head is also the chief, if not the only credit man, and in my opinion it is upon the credit man, whatever his actual title may be, that the welfare—aye, even the solvency of the association largely depends.

Of course, in a properly managed bank the bylaws should provide for the appointment of examining and discount committees, these committees to be composed of board members. All loans over an amount specified by the directors should be referred to the discount committee, whose action, if the loan is made, should be ratified by the directors at their next regular meeting. My advice to the executive officer or credit man making the loans is to divide, with the discount committee and the entire board of directors, the responsibility for granting all lines of credit. Only in this way can you protect yourself from criticism should the loan be an improper one for your bank to carry.

Next in importance to the president and cashier is the vice-president, the position of whom in the small banks is only nominal, while in the large banks it assumes a degree of importance second only to that of the president. In many of the larger banks there are numerous vice-presidents, these officials dividing the work of the credit man among them by each assisting in the making of loans. Many large banks have each of their vice-presidents make a study of a particular class of business, such as the grain business, the furniture business, the cotton business, the brokerage business, and so forth, and borrowers whose

business falls in any one of these classes are referred to the vice-president who is considered an expert in the particular line.

Given a bank with whose business one has been made familiar by examination, the assigning of the proper specific duties of each employee is comparatively easy, but when discussing the matter in a general way as I am forced to do, it is exceedingly difficult to accurately define the duties of each member of the force from the assistant cashier down. The larger banks frequently have from three to a half-dozen assistant cashiers, the supervision of one or more of the various departments being assigned to each, while in the country bank the assistant cashier usually does the teller work. In some banks having a half dozen or more employees the assistant cashier frequently performs the duties of chief clerk or utility man. The tellers, receiving, paying and note, are the most important of the positions under the cashier as the employee working in any one of these capacities is constantly in direct touch with the bank's important customers.

The general bookkeeper, individual bookkeepers, collection discount, loan and check clerks are all responsible positions, and as banking is a business of almost infinite detail the individual who fills any of these positions in a prompt and accurate manner is reasonably sure of further and, in most instances, rapid advancement. Without the intelligent co-operation of every employee the bank cannot hope to reach the highest measure of success.

Many of the larger banks have inaugurated what is in effect civil service rules in selecting their employees, together with a plan of retiring the employee for age or inability to render adequate service by reason of an accident or permanent illness.

Boys are taken in as messengers at fourteen, sixteen or eighteen years of age, and as they become familiar with their surroundings are advanced as vacancies occur, if in the opinion of their superiors such advancement is meritorious.

A small percentage of their wages is withheld each month, going to the credit of a fund in the name of the employee, and when the employee leaves the service of the bank before the age of retirement for any cause other than disability occasioned by illness, the amount which has been contributed by him to the fund is returned.

Semi-annually the bank contributes to the fund an amount equal to or in excess of the aggregate of the contributions by all of the employees, and from this fund, made up of voluntary contributions from both bank and employee, a percentage of his average wage during his time of service is paid semi-monthly during life from the time of his retirement.

Frequently the examiner visits a bank whose directors either do not authorize the employment of a sufficient number of employees or inadequately compensate those employed. Either of these policies is far from economical. If a sufficient number of employees is not provided some of the work will surely be slighted, a condition invariably followed by complaints from customers and correspondents, while inadequate compensation usually results in half-hearted work or worse.

It is the duty of the directors and officers to not only win, but keep the respect of the employees. Not

only should the directorate study the employee in his conduct, his needs and manner of life, but the employee, both for his good and the welfare of the association, should study the business and methods of transacting business to the end that he may become more and more useful and his wage increased to a degree commensurate with the services rendered.

By this I do not wish to be understood as advocating that employees should assume responsibilities not required of them or imposed upon them by their superiors, but I do wish to be understood as advocating constant, diligent attention to the details of the business in order that when the desk next above in importance is vacant the bank may have at hand an employee who is competent to fill the position.

There is nothing incomprehensible about the successful administration of the affairs of a bank. After some years of service in the office of the Comptroller of the Currency, where the reports of all national banks, good, bad and indifferent, have passed under my eye, I am prepared to make the simple assertion—that it is easier by far to have and to manage, or in common parlance, to run a good bank than it is a bad or indifferent bank. It is plain every-day ordinary business judgment of sensible men applied to a well defined world-wide business. Those who want to run a good bank always do; those who wish to have a bad bank never fail in their aspirations; and those who are satisfied with an indifferent bank are the men who pay little, if any, attention to its affairs, and in consequence permit it to drift with the tide, not thinking and perhaps not caring as to the direction in which the tide is set.

The present agitation for the guarantee of deposits, which is now becoming almost country-wide, is simply the protest of the people against scandalous bank failures as well as against loss to depositors; it is a searching by the people for a security for their money which is on deposit in the bank. I venture without fear of contradiction the broad statement that every bank failure, where thievery did not steal it into insolvency, could have been avoided by aggressive, conservative and effective internal administration. The internal administration is, of course, the very life of the bank—to no other corporation in the world is it so vital to so many and to so diversified interests and in no corporation in the world has it been in many instances so absolutely scandalous.

#### WASHINGTON STATE BANKERS ASSOCIATION.

##### Prize Essays of Institute Men.

The Washington Bankers Association, through its Secretary, P. C. Kauffman, has announced the offering of two cash prizes for the first and second best papers to be written by any Institute man in the State on the subject: "A Central Bank as a Factor in a Financial Crisis." This is certainly an inducement to all the Institute men and another benefit to be derived by being an A. I. B. member. The prizes are offered in accordance with the provisions of the following resolution, adopted by the Washington State Bankers Association at its 1910 convention:

Resolved, That the executive officers of this Association are hereby authorized to offer a first and second prize in the sum of \$15 and \$10, respectively, for the best essay, by a mem-

ber of one of the Washington chapters of the American Institute of Banking, or any bank clerk in the State of Washington taking the course recommended by the Institute of Banking, upon some financial subject, to be selected by said executive officers who shall be authorized to fix the terms and regulations to govern said contest.

The following rules and regulations govern the contest:

1. Subject of the essay to be "A Central Bank as a Factor in a Financial Crisis."
2. The essay to be not less than 1500 words in length.
3. The essay to be typewritten on one side of the paper only.
4. The paper used to be regular essay paper.
5. The essay to be forwarded to P. C. Kauffman, Secretary of the Washington Bankers Association, care Fidelity Trust Co., Tacoma, Washington, not later than May 1, 1911.
6. The essay to be signed by a fictitious name.
7. Accompanying the essay to be a sealed envelope, addressed to the Washington Bankers Association, containing card giving both the fictitious name as well as the correct name and address of the competitor.
8. A committee will be appointed by the officers of the Washington Bankers Association who will pass upon the merits of the essay, deciding and awarding prize under the fictitious name signed thereto. After this decision has been made two of the officers of the Association will open the sealed envelope and ascertain the correct name and address of the successful competitor.
9. The successful essays to be retained by the Washington Bankers Association and printed in the report of the 1911 convention.
10. A prize of \$15 will be awarded to the best essay, and a prize of \$10 to the second best.
11. Immediately upon determination of the award the Secretary will notify the Treasurer, who will issue a voucher check to the successful competitors for the amounts due.

#### FABLE OF THE THREE SISTERS.

By Max Adamsky.

In the fairyland of Institulia lived three sisters named Education, Sociability and Politics. Education was a Minerva of high brow and marble heart, who thawed out only to suitors who won laurels through individual merit. Sociability was a hand-painted Venus who captivated Easy Marks that failed to see the microbes of anemia behind her artistic complexion. Politics was a Syren whose tigress claws were softly gloved so as to seem "glad." Sociability and Politics boasted of their sisterhood to Education in order that they might bask in the bright light of her respectability, but they secretly watched out for some chance to stick the knife under her fifth rib and thereby inherit her mantle. But, lo and behold, in due time Sociability begins to age and wither around the eyes, whereupon her adorers get sore and betake themselves to Education. Likewise betimes the soft gloves which gladden the hands of Politics become frazzled at the finger-tips and disclose the claws which dig into the vitals of men. Thereupon the worshippers of Politics desert their idol and flock to Education. Thus Education peradventure has "four of a kind" while her foolish sisters possess only "four-flushes" and food for repentance. Does Education in the hour of her triumph wreak vengeance upon her wayward sisters and bespatter the fair land of Institulia with their blood? Not on your electrotype! Back of her high brow there is a memory strong enough to forget, and she pillows the tearful faces of her repentant sisters upon her own lily-white shirtwaist, scrubbing the paint off the faded face of Sociability and mancluring the claws of Politics. "Poor sisters," said Education. "You have learned your lesson. We are at last a united and happy family. Never let us forget, however, that Education is the only one of us who is IT."



# INSTITUTE CHAPTERGRAMS

## ATLANTA.

By W. R. Beck.

The first banquet of Atlanta Chapter was held during December in the banquet hall of the Cafe Durand. This proved to be the most enthusiastic gathering of bank clerks that Atlanta has ever had and we even doubt that the convention feast in Chattanooga last summer excelled it either in good things to eat or in entertainment. One of the most appropriate toasts of the evening was the following, originated by Bayne Gibson:

"Here's to the almighty dollar, which mightily rules the world,  
From Wall Street to far Bombay;  
Here's to the man who makes a note and then forgets to pay;  
Here's to the grouchy gentleman who never makes out his ticket,  
But rushes in with his uncounted cash and shoves it through the wicket;  
Here's to our fair depositor who forgets all banking laws;  
She writes and writes and writes out checks until she overdraws;  
Here's to the man who comes in late—sometimes it's half past two;  
Here's to the boys who smile through it all—gentlemen, here's to you."

At our last meeting we were treated to a most interesting lecture by Prof. Perry on political economy. He showed how all of our present systems and methods have been the result of gradual evolution from the beginning of time. That this evolution might be divided into five stages—the family, the village, the city, the nation, the world—and that the one grew into the other until from the few human beings with only the animal problem of self preservation we have the modern society called civilization with a thousand problems.

Our chapter is now in a very promising condition and we expect to have a larger delegation at the Rochester convention.

## BALTIMORE.

By Adrian J. Grape.

Much interest is manifested in the study classes of Baltimore chapter. The interesting manner in which Dr. George E. Barnett, of the Johns Hopkins University, conducts our political economy class holds the attention of everyone. We will have a review in this subject shortly, and the points brought up for discussion always bring out in bold relief, as it were, something that we probably would never have thought of, so that by the time two or three hours have rolled

around, engaged in this manner, we can always leave with the satisfaction of a night well spent, and with some good food for thought stored in our brain cells.

We have had some exceedingly good talks on the practical side of our business, too, and such gentlemen as Freas B. Snyder, assistant cashier of the First National Bank, Philadelphia, Pa., on the "Credit Department"; Clarence R. Evans, cashier of the German American Bank, Baltimore, on the "Discount Department"; Edwin W. Adams, assistant cashier of the National Bank of Baltimore, on "Collaterals"; W. H. Ewalt, of the Merchants National Bank, Baltimore, on the "Receiving Teller's Department"; R. S. Mooney, of the Merchants National Bank, Baltimore, on the "Collection Department"; Albert B. Hall, of the legal department of the American Bonding Company, on "Stock Transfers," and Raymond B. Cox, of the First National Bank, Baltimore, on the "Bank Statement" and also on the "Individual Bookkeeper," have favored us from time to time, and have aided us in no small degree in making our course a profitable one to the ambitious bank man.

Our open meeting on February 14th was presided over by Col. Harry B. Wilcox, President of the First National Bank, Baltimore. The Colonel has always taken much interest in our chapter affairs, and we are always glad to have him with us. After giving the boys a few words of good advice and encouragement, he introduced the first speaker of the evening, Robert E. James, President of the Easton Trust Company, Easton, Pa., and former President of the Pennsylvania Bankers' Association. Mr. James spoke to us on the "Aldrich Bill," and explained the suggested plan for monetary legislation in such a manner that its substance was made entirely clear and comprehensible to all present. It is proposed to charter the Reserve Association of America, which will be the principal fiscal agent of the Government of the United States. The authorized capital of the association shall be approximately \$300,000,000. The length of its charter shall be fifty years, and the head office shall be located in Washington, D. C. The country shall be divided into fifteen districts, and a branch of the Reserve Association shall be located in each district. It further provides that the association and its branches shall be exempt from State and local taxation, except in respect to taxes upon real estate owned by it. The principal functions may be summed up as follows: It may buy or sell Government or State securities, or securities of foreign governments or gold coin or bullion; it shall receive all the receipts of the Government, and all disbursements made by the Government shall be made through the Reserve Association; it shall pay no interest on deposits; it may re-discount notes and bills of exchange arising



out of commercial transactions, for and with the indorsement of any bank having a deposit with it; it may discount the direct obligation of a depositing bank, indorsed by its local association; it shall fix the rate of discount for its branches throughout the country; it may purchase a limited amount of prime bills from a depositing bank; it may invest in United States bonds, and in short term obligations of the United States, or of any State, or of certain foreign governments; it shall have power at home and abroad to deal in gold coin and bullion, to grant loans thereon; it shall have power to purchase from its depositors, and to sell checks or bills of exchange payable in certain foreign countries; and it shall have power to open and maintain banking accounts in foreign countries for the purpose of purchasing and selling and collecting foreign bills of exchange. These few provisions are a short synopsis of Mr. James' remarks and he concluded by expressing the wish that this grand old country of ours should not allow itself to again get in such a rut as was experienced in 1907—in fact, he stated there could be no possible excuse for a similar occurrence, as we now have a remedy and it should be made use of.

Samuel W. Hann, a Baltimore chapter man who is now one of Comptroller Murray's able examiners, spoke on the "Comptroller's Efforts to Secure More Efficient Directorial Control." Mr. Hann did not cite any personal experiences, but, just in a general way, told us what the department was doing, and what had been accomplished in this respect. Directors were made to realize their responsibilities of office, so that financial institutions, of which they were supposed to be the pilots, should be actually guided by their recommendations, judgment and experience, and the management of affairs not left to any one individual, as was found to be the case too frequently.

At the conclusion of Mr. Hann's address we were favored with a few vocal selections, of a high order, by Harry Gerhold, of the Musical Art Club.

### BOSTON.

By Herbert E. Stone.

The current month brings to an end Boston's educational activities of the year, lecture twenty-two having already passed into history. Only two more Williston lectures remain and then we shall seek a book-binder, loan him our twenty-four reports of lectures, and after his magic hand has handled these twenty-four reports we will receive in return a nicely bound unit, with title page, index and other embellishments which will give a completeness that will be very satisfying.

While it is too early to look for results, we believe it fair to state that these lectures have set the banking community to thinking and to talking, and that because of this year's progress the chapter is firmly established as a Boston institution, and the outlook for another year appears to be exceedingly bright.

The end of our course will mark a distribution of over seven thousand reports of lectures, most of which we venture to hope have been read, and all of which have been considered of value by the holders, for they have been unwilling to part with a single one with the inducement of double the cost.

The chairman of our printing committee has often worked overtime, but thus far the reports have been distributed on schedule and once or twice when the delivery wagon went astray the complaints were most strenuous. What our members will do when a week goes by without the demand for a dime for a lecture is a serious problem. Some of our general committee have become capitalists and money-lenders and have advanced dimes for a week or so, but in general the payments have been promptly met and the finance committee, by means of the clearing house, has obtained its money almost before the delivery of its goods.

The success of this plan surely spells "Co-operation," and in a measure, better than we ever expected. In the fall 280 members put their shoulders to the wheel and subscribed for these reports for the entire course, and we still have that same number on our circulation records, though there have been some changes in the names of the subscribers.

Other chapters will doubtless call that a good record. Perhaps we ought to, but we don't, for much is expected of Boston, and we don't expect to call anything good enough. We rather hope to do the best work that is done in the Institute. Give us time!

Think of the competition we have here. Just glance at the organizations already demanding the time of bankers, and judge for yourself as to whether another could exist if it were not meritorious. At the top of the list is the Clearing House Committee about which we all know. Its considerations are almost matters of state. But, a short time ago it found time to consider a question decided at one of our lectures, and after eminent legal advisors announced the point well taken, it sent out a circular and thereby revoked a custom which conservative Boston had practiced for many a year.

Then we have a Bank Presidents' Association which takes care of the social end, but it is no uncommon thing to find this body represented at our lectures and we can thank them for some good questions propounded.

Still again, the cashiers are organized, and they take our reports, attend our meetings, say a good word for us and consider their membership a good asset.

We also have a social organization made up of fifteen hundred bank clerks and officers, the eligibility requirement being service of one year in a banking institution. This organization, the Bank Officers' Association, is nearly thirty years old, and was thus in existence long before our chapter ever appeared upon the horizon. In fact, most of our members are members of the latter, and while we each have a mission, we are each content to stick to it without the endeavor to outdo each other.

Of the first named we can't all be members, but they can all be members of ours, are members, and we hope our membership will always be a source of satisfaction to them. We are endeavoring to prepare our members for higher things, higher positions, higher salaries, better husbands, better homes, and better everything else. And this is only our second year. What a chance for next year and the years to come!



**BUFFALO.**

By James Rattray.

Last month brief mention was made in these columns of our general meeting in February, when the principal feature of the evening's program was an address on "Culture" by I. W. Allen, of the Manhattan Life Insurance Co., but, although the date of the Bulletin's publication prevented a more detailed account then, the earnestness and eloquence of the speaker justify this retrospect. Referring to the fact that the highest integrity and the greatest character is demanded in the banking profession, Mr. Allen expressed the opinion that an organization like the American Institute of Banking can do much towards aiding in the development of character, by giving opportunity for the ambitious member to cultivate his latent powers.

As limitless opportunities, not only for personal achievement but for rendering valuable service to the country, are presented to one who is intellectually, physically and morally endowed, the men engaged in banking business, that pivot round which commerce revolves, must be specialists in human character and integrity, for centralization of human effort, he said, is the keynote of present-day business.

Referring to the goal that every ambitious bank clerk hopes to reach, he remarked that the development of the wealth and glory of manhood necessary to such a consummation can only be accomplished through the greatest power in the world, "Culture."

He said that although specialization is, in many respects, essential, true culture calls for a three-fold expansion of the moral, mental, and physical powers, and he cited numerous instances to show what could be, and had been accomplished by such a trinity of powers, and in emphasizing the necessity of harmonious, as opposed to one-sided development, he mentioned other cases where men whose sole aim in life had been the accumulation of wealth for its own sake had unsuccessfully endeavored; by deathbed endowments, to do down through history as philanthropists. In conclusion, he urged the necessity of consulting these historical guideposts in order to learn what to avoid, asserting that one who had worked down into a groove narrowing his horizon could never have a large outlook on life.

A paper on "Banking Methods in the Canadian Northwest" was read by Ira A. Peterson, of the Fidelity Trust Co., and in view of the previous speaker's remarks it was interesting to note that there the farmer's and rancher's most valuable asset is personal character.

In discussing the making of loans, he said that it is contrary to the Bank Act to advance money on real estate, and consequently the only available collateral consists of grain or stock, but in most instances the banker relies on the borrower's own note, with possibly one other endorser, and in the majority of cases the maker possesses very little of quick or even tangible assets.

Mr. Peterson described in detail the system employed in the branch banks throughout the country, and in showing their relation to the head office, he characterized the latter as fulfilling the functions of a "check desk" for the branches.

An interesting discussion on Canadian loans, reserves, and the handling of currency followed, and thereafter votes of thanks to the speakers terminated a most enjoyable evening.

Undiminished interest in our study class in "Banking and Finance" is being maintained, and the deeper we get into the subject the more enthusiastic do our members become, and to illustrate this I may mention that, although one of our meetings took place on the evening of a bank holiday, there was only one absentee.

To some our method of conducting the class may appear rather unorthodox, as each member takes his turn in reading the lesson and leading the subsequent discussion, but this is a case where "the end justifies the means," for more satisfactory progress has been made than when we studied "Money and Currency" with the aid of a professional instructor.

Our method insures that each must acquire a thorough grasp of at least one lesson of the series, and the informality of these meetings tends to a more open discussion, and brings out the personal element more strongly than might be the case amidst more pedantic surroundings.

When our study class was formed the question of finding a suitable meeting place presented considerable difficulty, but that was happily solved through the courtesy of the officers of the German American Bank, who placed at our disposal one of the bank rooms, and when we meet in these comfortable quarters and assimilate financial knowledge with the most appropriate environment, it is with a deep sense of appreciation of the favor extended to us.

During the last month S. M. Johnson, of the Bank of Buffalo, has received an important appointment with the Bank of Gowanda, Gowanda, N. Y., and so we have again been called upon to sacrifice another of our active members on the altar of promotion, but although we shall miss his genial presence at our meetings, we extend to him our felicitations and heartiest good wishes for the future. We hope that his success may encourage others to join in the quest for knowledge.

**CHATTANOOGA.**

By T. R. Durham.

The Government should not own and operate the railroads of the United States. If you do not believe it, we can prove it by Mr. Curry and Mr. Miller, of Nashville. Our Mr. Griswold and Mr. Landress went over to Nashville on Washington's Birthday and discussed this question at great length with the said team of Curry and Miller. After seeing the sights of Nashville and being highly entertained by the Nashville boys, all the time having this subject uppermost in their minds, they gathered together at night before a large and enthusiastic audience and discussed it some more. Landress and Griswold didn't care for the opinion of the other fellows. As a matter of fact, they objected very strenuously to what they said about the subject. But everything must have an end, and the great trouble was that after the judges held a little debate of their own in a side room they decided to agree with the Nashville team.

The Nashville boys outdid themselves in entertaining our team; gave them a key to the city; fixed everything with the chief of police, and satisfied every desire. But when it came to the decision they seem to have treated the matter as a business proposition, rather than as host and guest. Of course, our men couldn't do anything except accept the decision as it was given, and they came home a little crestfallen but feeling mighty good over the excellent treatment received.

Chattanooga has taken another step forward in banking progress. Frank A. Nelson, formerly cashier of the American National Bank, has been made manager of the Clearing House. We have not, heretofore, had anyone to give their exclusive time to managing the Clearing House, but the business of the banks had grown to such an extent that it was necessary to establish a Clearing House credit bureau and a man was needed to look after this, as well as other growing details of Clearing House work. Mr. Nelson is also retained as attorney for the Clearing House Association. He was for some years an attorney in this city and seven or eight years cashier of the American National Bank, therefore having had practical experience in both lines.

Our lectures on "Banking and Finance" go merrily on. It has been clearly demonstrated that education is what our chapter wants and needs. The course has proven a success so far and we feel assured that quite a number of our boys will take and pass the Institute examinations.

#### CHICAGO.

By L. J. Meahl.

Chicago chapter men during the past month have had many opportunities afforded them to become actively interested in the work. The debate society is showing the result of increased membership in that department. The meeting of January 17th was an unusually interesting one. The subject for debate was "Resolved, that the capitalization of State banks be graded according to the amount of deposits and location rather than by population as at present." The arguments advanced by the contesting teams were very strong and showed that considerable time had been spent in preparation. The judges were unable to give a decision so well matched were the teams. Preparations are being made with a view of holding an inter city debate with some of the central teams. The chapter has appropriated \$15 as a prize to the winning team in a local debate to be held March 28th.

The meeting of January 24th was a notable one. J. Paul Goode, professor of geography of the University of Chicago, delivered a lecture on "Chicago a City of Destiny," which was greatly enjoyed by all who were fortunate enough to have been present. The local press commented considerably on his lecture, several of the papers devoting first page paragraphs in reporting the lecture.

The tenth annual banquet of Chicago chapter was held Saturday, January 28th, in the gold room of the Congress Hotel. Hon. Francis W. Walker, Charles A. Alden and Francis T. Simmons were the speakers of the evening. The speakers, without exception,

proved a treat, particularly Mr. Alden, who was glowingly pictured by Mr. Simmons as having "the form of a Hercules; the voice of a god; the philosophy of a Socrates; and the eloquence and oratory of a Webster." Chicago bank clerks have been fortunate in hearing some of the best speakers in the city of Chicago at their various functions, but seldom, if ever, have they listened to a speaker of such dramatic eloquence. He held the intense interest of his audience from beginning to end. Credit is due the banquet committee for the unique menu card, which was a facsimile of a pocket check book, each page therein closely resembling a check which was payable to bearer and entitling bearer to a course.

On February 16th Chicago chapter gave the last of a series of dances at the West End Women's Club. About fifty couples were present and all present passed an enjoyable evening. The committee in charge were gratified in having an attendance which exceeded that on the occasion of any former dances.

The class in "Commercial and Banking Law" completed the first round of the course with an examination in contracts, agency and bailments. About sixty-six members of the class competed in the test and all passed with an average mark of ninety-two per cent. Lectures on property, insurance, bankruptcy, and negotiable instruments will be given by James I. Ennis, LL.D., on Tuesday and Friday of each week to complete the course. The final examination will no doubt be given some time in March.

The "Banking and Finance" class will hold its first meeting Tuesday the 14th at 6 o'clock. Professor Howard, of the Northwestern School of Commerce, has been procured to conduct the class. On the same date Prof. J. Paul Goode will deliver his lecture on the "Age of Steel." Messrs. Tesmer & Grier, of the Merchants Loan & Trust Co., will furnish the entertainment for the evening.

At the last meeting of the debating club, the following were elected officers for the current quarter: J. H. Ashley, president; R. M. Coleman, vice-president, and John Drummond, secretary. The preliminary contest for the debate before the chapter at large upon the question, "Should Senators be chosen by popular vote?" was held and the following won places on the team: J. H. Ashley, Louis Rich and R. M. Coleman, affirmative; J. J. Schroeder, W. W. Todd and A. J. Kuhn, negative.

#### CINCINNATI.

By A. DeWitt Shockley.

Cincinnati chapter reports a very successful meeting on Monday night, February 13th, at the club rooms. S. L. McCune, national bank examiner for this district, addressed the chapter on his work as an examiner. Mr. McCune started his talk by telling us that a bank examiner should be more of a counsellor and helper than a detective. He emphasized the necessity of system in every bank and bank force, and explained in detail how much more easy to audit were the books of a carefully systematized bank than those of one whose officers did not seem to know what system is. Some of Mr. McCune's stories of experiences in small country banks way back of nowhere were especially interesting to us

city bankers. Mr. McCune's talk throughout was both interesting and instructive.

Our minstrel show at Music Hall on January 24th was a big success, socially and financially. The show was an artistic success and we now have quite a sum to use for educational purposes. We had quite a number of prominent bankers in our audience who were glad to assist the boys. The minstrel show excited much interest among bank boys not now members whom we are endeavoring to bring into the chapter.

**CUBA.**

By W. H. Morales.

At the weekly meeting of Cuba chapter, held in Havana, on Wednesday, the 15th of February, the order of business included a lecture in Spanish by one of the members, A. N. Ruz Sauvalle, on the subject of finger prints as a means of identifying those depositors who are incapable of writing their signatures.

Mr. Sauvalle, who is at the head of the savings department of the National Bank of Cuba, remarked that among the thousands of accounts under his supervision he has found hundreds corresponding to persons who must be identified by some means other than the usual signature and scroll common to Latin countries. The dependence upon photographs as a method of identification, especially in disputed cases, has long since proved inadequate, owing to the deterioration of likenesses, changes in features of individuals, and the facility of imposition by persons bearing a resemblance to a given depositor.

A knowledge of the subject of finger impressions as adopted in the leading cities of the United States, Europe and elsewhere, became necessary, and Mr. Sauvalle began a systematic study of these methods, as suited to the needs of a banking institution.

Among the countries where the finger print system has been most highly developed under government direction, British India was shown to stand conspicuous, owing to its large proportion of illiterate inhabitants and the disposition to false personation among them. It has been found expedient by the authorities of that country to require parties to be identified by their finger marks in such matters as the registration of real property, the execution of contracts, and various other legal and government transactions too numerous to mention.

Finger prints as a means of formal identification, while a matter of comparatively recent introductions in modern communities, seems to be traceable to the year 1823, when Professor Purkenje read before the University of Breslau a Latin thesis on finger impressions, in which were given nine standard types, classified in a simple and practicable manner, but his labors failed to attract the attention they merited.

The subject was later taken up by Sir William Herschel, of the British India Civil Service, but his labors also were unfruitful, except insofar as they laid the foundations for the work of subsequent authorities. The author whose system Sr. Sauvalle finds adaptable for use in banks is E. R. Henry, Police Commissioner of London, whose method of indexing and classifying has been introduced in the National Bank of Cuba.

That the pattern of a human hand remains the same through life, no two specimens being alike, is an interesting fact with which we are more or less familiar, but the ready identification of a party by a system of indexing finger prints, is a matter deserving practical attention by those of the banking fraternity who live in communities where the ordinary means of identification is not always obtainable.

At the close of the lecture, Sr. Sauvalle demonstrated the facility of identification, by having several of the class members register their prints, and summing up the characteristics from a duplicate set of the marks which were then given him, both of which were found to coincide, making the identification complete.

It affords us satisfaction to note that the influence of the Institute is extending to practical subjects like the above, and that to Cuba chapter belongs the credit of having enabled depositors in Cuba who from any cause are unable to write, to keep their funds in the institution which has adopted the finger print system of identification.

**DALLAS.**

By H. P. May.

The fifth district meeting of the Texas Bankers Association was held in Dallas, Saturday, February 11th, and the attendance was a record breaker. St. Louis, Chicago, and New York banks were well represented, but this is not unusual to have representatives from the central reserve cities, as guests at the annual meeting at Dallas, for they recognize the importance of keeping in close touch with the "financial center of Texas."

The most important visitor, however, so far as Dallas chapter is concerned, was Mr. George E. Allen, educational director of the A. I. B. Mr. Allen promised over a year ago, shortly after the organization of Dallas chapter, to visit Texas, and we have looked forward to his visit with interest.

Mr. Allen's visit was opportune, for the district meeting had an opportunity of hearing him in one of his characteristic talks, and many bankers learned that he represented the educational end of the A. B. A. It may seem strange, but it is a fact, some of them were not aware that the A. B. A. was fostering an educational department, and Mr. Allen's address will no doubt start many of them to investigating.

Mr. Allen remained in Dallas Sunday and Monday, holding a conference Sunday afternoon with some of the members, relative to improvements and methods in chapter work. Monday evening at a dinner at the Oriental Hotel, the officers and employees of the Dallas banks were given an opportunity to meet Mr. Allen. There were 140 bank men present, with a good representation of senior officers—about seventy-five chapter members, the balance non-members—all eager to hear what Mr. Allen had to say, "and they heard it." Those of you who have heard Mr. Allen know that he wastes no time or energy in forensic display. He puts his proposition and drives it home with sledge-hammer blows of commonsense.



The president of one of the banks told the writer that it was the best talk on that subject he had ever heard, and that he believed the young bank men would now be divided into the two classes named by Mr. Allen: those with ambition, who were willing to work to rise; and those who were content with their present condition and would remain there.

He said membership in a chapter would almost uniformly distinguish the men, and it would be only a matter of short time when the bank officials would see it manifested. Messrs. Lane, Ayres, McFarland, Adoue and Smith make short talks, endorsing en toto what Mr. Allen said, and each expressed himself as hoping that all the young men in their respective institutions would ally themselves with the chapter, believing it would be unquestionably mutually beneficial.

Mr. Allen gave in substantiation of his remarks statistics, showing that from 75 to 95 per cent. of promotions in banks in chapter cities were from the ranks of chapter members. While, he says, many or possibly all of these men might have been promoted, had they not been members of chapters, it at least shows the quality and calibre of the men as a class who make up the personnel of the chapters.

Chapter work affords systematic study, which is superior to any amount of miscellaneous and general reading, because it is more thorough, and exact knowledge is essential to a good banker. The bank man is expected to be posted on almost everything, but must have definite knowledge of his own business. When a customer of the bank asks you a question, he expects you to answer it. Can you do it? How can you unless you have made a study of your business?

It is only through labor, effort, energy and resolute courage that you can gain the knowledge, and rise to better things. You can do it if you will; if you have ambition. The man without it is a "dead one." Ambition is the spirit that prods a man to move on—to progress. Without it, so far as the world is concerned, it is time for his obsequies. Why then, not accept the opportunities offered by chapter work, and prepare yourself for better things when offered? Some men offer as an excuse that they need some recreation after a day's work, and that hard study unfits them for their daily duties. Pity 'tis such were born masculine; it should have been otherwise, then perhaps they would have been supported by a husband. A man can acquire tact, courtesy, and cheerfulness, qualities that are legal tender anywhere. If he has ambition, the chapter offers opportunity for knowledge that will qualify him for promotion.

Anything acquired, that is worth while, is done at some expense, either in the shape of time, pleasure, or money, and if any man thinks he can get results from the chapter without giving up some portion of one of them, he will be disappointed, and had better stay out of it, for there is no place for that character of man. A man who joins a chapter, never attends a lecture (but attends the smokers, etc.) and complains that he is getting nothing for his money, is also out of place and no amount of money could ever buy him any intellectual benefit.

The chapters will be better off, when the drones drop out, and each member should show what good can be gotten out of the work, and set a standard of efficiency that will cause not only the other men to take notice, but the bank officials to see that the chapter men are setting the pace.

It is a noticeable fact, that when a question of the law comes up for answer, the non-member will invariably refer it to a chapter man, and so with other propositions. And why? Because he thinks the chapterman has studied it and ought to know and he generally does. No stronger evidence is needed—that the non-member concedes the greater knowledge of chapter men, and the chapter men should sustain it.

There is one element lacking, which would contribute to greater success of the chapters, and the institute. The senior officers of the banks should be emphatic in encouraging their men to take up the chapter work. They certainly know that men who make a study of their business are more efficient than "time servers," and that a corps of efficient men constitute a strong asset of the bank. If the senior officers will give a little more attention to this, a few months time will show good results for both bank and men.

## DENVER.

By W. Campbell Garver.

The annual debate held at the February meeting was, as has been experienced in the two previous years of our history, a great success. Faces that have not been seen at many of our regular meetings, and to be truthful, some have absented themselves from all of the previous ones, were greatly in evidence on the 8th of February to profit by the preparation made by the men who handled the debate with no lack of enthusiasm, also displaying a very thorough knowledge of the subject under discussion.

The question was: "Resolved, that it would be a great benefit to banks and business in general if all banks were allowed to loan on real estate."

Affirmative.—E. B. Aley, leader, United States National Bank; A. Kuensemueller, German American Trust Company; Richard Crane, First National Bank.

Negative.—R. B. Wheeler, leader, Denver National Bank; A. H. Lentz, Capitol National Bank; C. B. Means, Federal State and Savings Bank.

The Judges.—P. T. Slayback, cashier Central National Bank; L. M. Beck, secretary and treasurer, Continental Trust Company, and C. C. Dieter, assistant treasurer, Victor-American Fuel Company, gave the decision to the negative.

The third annual dance, held February 22nd, was a grand success. It would be putting it too mildly to say that everyone had a good time, but would be more expressive to use a slang phrase and say that everyone had the time of his life. The orchestra of eight pieces, made up of chapter men, served us entirely satisfactorily. These social events are anticipated with much pleasure, creating a good feeling among the chapter men and giving them a stimulus for their strenuous duties.



Ralph H. Perry, one of our members, has resigned the assistant cashiership of the Interstate Savings Bank and among other duties has become editor of the Rocky Mountain Banker, a banking journal devoted to the financial and commercial interests of the Rocky Mountain territory. Denver chapter has made the Rocky Mountain Banker its official organ, a copy of same to be received each month by all members, active, associate and non-resident. May Mr. Perry experience in his new undertaking the success of which he is deserving.

Wm. O. Bird, president of Denver chapter, has been elected to membership in the Fellowship Class of the American Institute of Banking. This is not only a great honor to Mr. Bird, but the fact that Denver chapter is so recognized is something of which we are all justly proud.

Every member of Denver chapter received a membership card from R. A. Brown, assistant secretary of the chapter, upon receipt of his quarterly dues. This not only serves as a proof of membership but will be a means of identification, as his signature will appear on the card.

Denver chapter is wide awake and the increasing membership is very encouraging. Bankers throughout the State are sending in their names for non-resident membership.

#### DULUTH.

By John L. Evans.

Now it is Duluth chapter. At the regular meeting, February 7th, it was voted to change the name from "Head of the Lakes Chapter" to "Duluth Chapter." We still cover the same territory, but the old name was rather vague, especially at conventions. Everyone knows where Duluth is.

Duluth chapter is up and doing. January 27th we had a banquet at the Y. M. C. A. W. I. Prince, cashier of the City National Bank; David Williams, vice-president of the First National Bank; Phil. Bevis, general secretary of the Y. M. C. A.; J. L. Lewis, cashier of the Merchants and Miners State Bank of Hibbing; Carl Longren, our president, and G. W. C. Ross, our instructor, were the principal speakers. We had music by the "Old Virginia Quartette," and a selection by S. T. Strain. About fifty were present and it was a most enjoyable affair.

The next social event is our annual dance. This will be given on February 24th, and the committee in charge is getting up "the best ever." They say the music will be as good as a concert, "something great." We will all have a good time.

Our financiers are interested in "Banking and Finance." The attendance is holding up very well, even better than it did in the commercial law course last year. We are now passing on loans and discounts. We learn with sorrow that a knowledge of the stock market may be kept from us, that lecture being not prepared. But then, that knowledge is mostly the result of experience anyway. The cause is very interesting and instructive. Duluth chapter is very much alive.

#### EAU CLAIRE.

By E. J. Kuehl.

At the last regular business meeting of the Valley chapter, held February 1st, the following officers were elected for the ensuing year: President, H. M. Wollum; vice-president, Oscar O. Olen; treasurer, John G. Thompson; secretary, E. J. Kuehl.

At the same meeting an amendment was proposed to the constitution, changing the name of the local organization from "Valley Chapter" to "Eau Claire Chapter." This move was for the purpose of more specifically identifying the chapter with Eau Claire, as the term "Valley," which was meant to include the city of the Chippewa Valley, had become obsolete through the neglect of the surrounding towns to send representation to chapter meetings.

#### FORT SMITH.

By C. B. Herbert.

Our boys are doing good work this winter in the "Banking and Finance" course. While considering the number of bank clerks we have in the city the attendance is not so large at the regular meetings, but the interest is good and growing. Study nights are twice a month, but every six weeks we have an open meeting in which quite a number take active part. We have had one good debate on the "Postal Savings Bank System," and while debating is new to most of the boys they did exceptionally well and promise much. Our next open meeting will be in March, and the principal feature of that will be a lecture given by T. W. M. Boone, president of the American National Bank.

The greatest thing to happen to our chapter was the visit on the 10th of the educational director of the institute. A special meeting was held in the Commercial League rooms, and Mr. Allen was given full sway. His address was full of sound advice and good things, and the seed sown by him is already bearing fruit in the interest the boys are showing in the work. Mr. Allen shows conclusively that he understands the problem of the small chapter by the logical way in which he points out strong and weak features. Several of the bank officers were in attendance and the impression made upon them was deep and lasting. They are realizing the good work the boys are trying to do.

#### HARTFORD.

By W. C. Goeben.

Two separate classes of adding machines were used in a recent contest in Hartford Chapter, each contestant having two trials each at the hand operated and the electrically driven mechanisms. The active competitors represented eight of the banks and trust companies, but the audience represented practically all of the Hartford banks, and there were also delegations from other parts of the State.

Wilbur F. Sherwood, of the Connecticut Trust and Safe Deposit Company presented the most impressive exhibition as all of his trials produced correct results and no other contestant equalled any of the four trials that he made. As a result, Mr. Sher-

wood established two new state records. The new record for the hand operated machine Mr. Sherwood set in one minute thirty-four and three-fifths seconds, while his new record for the electrically operated machine is one minute and thirty-one seconds; which is only twelve seconds slower than the national record, held by O. R. Clark, of the American National Bank, Houston, Texas.

Mr. Sherwood received first prize—a decanter, tumblers and tray of imported hand decorated glass.

Raymond L. Buck, also of the Connecticut Trust and Safe Deposit Company finished second in both contests; his time being, hand machine, one minute fifty-three and four-fifths seconds, and for the electric machine, one minute forty-two seconds. Mr. Buck's reward for his dexterity was a handsome solid brass desk set of five pieces.

The other two prizes, consisting of solid brass playing card box and ornamented brass collar button box, were divided by Russell A. Wilcox of the State Bank, and Harold M. Kenyon of the Connecticut Trust and Safe Deposit Company. Mr. Wilcox's time on the hand machine was one minute fifty-five and four-fifths seconds, and on the electric one minute forty-three and two-fifths seconds, while Mr. Kenyon finished his list on the hand machine in one minute fifty-four seconds and on the electric one minute forty-nine and one-fifth seconds.

Arthur C. Mason of the State Bank had the honor of making four correct totals with best time for the hand machine one minute fifty-four and one-fifth seconds, and for the electric one minute forty-three and four-fifths seconds. As he came so close to finishing among the winners and returned correct results on every attempt, a special prize is being prepared for him, donated by C. P. Staubach, sales manager of the Burroughs Adding Machine Company.

Excellent records were also made by several of the other competitors, notably E. R. Barlow, of the Fidelity Trust Company, and A. G. Stronach, of the Security Company and A. D. Johnson, of the American National Bank.

### HELENA.

By H. C. Schuyler.

Helena chapter has now been successfully launched, and we have had some very interesting and instructive meetings. On January 24th a large and enthusiastic audience listened to a fine talk by W. H. Dickinson, cashier of the National Bank of Montana, on the "Analysis of a National Bank Statement." At our meeting February 14th, we were favored with an address by N. J. Gould, cashier of the American National Bank on "Bank Reserves." The chapter intends taking up the study of the "Banking and Finance" course at its next meeting, and we are hoping for many enjoyable meetings in the future.

### LOUISVILLE.

By William J. Warren.

Temporarily ill fate has overtaken us. Having secured as our lecturer for the current course on "Banking and Finance," a man who put his whole heart and soul into the work, and who is in a great degree

responsible for the ever increasing attendance at our weekly meetings, owing to the attractive method of delivering these lectures, we are now confronted with the tidings that he is forced to leave us. His health compels him to go to a different climate. As yet we have obtained no one to take his place, but our worthy president is lying awake nights in thinking of a suitable substitute. The local chapter takes this method to publicly extend to E. A. Charles its heartfelt appreciation of his untiring efforts to arouse and maintain the interest of the members of this chapter during his course of lectures, and we sincerely trust that his former good health will be speedily restored.

Last Thursday the chapter had the pleasure of listening to H. D. Williams, a former member of Philadelphia chapter, who, although on very short notice, and with no time for preparation, certainly succeeded in holding the interest of his audience for two hours or more on the subject of "Bank Examinations," the lecture for the evening.

The members were greatly pleased with the short, but certainly timely, visit which the president of the institute paid us not long since, and we hope that he will be able to come around this way again.

We are branching out. Heretofore our meetings have been devoted almost exclusively to the lecture for the evening, but the whole chapter is anxiously waiting for a debate, which is to take place in the near future on the subject of Senator Aldrich's "Reserve Association," which, by the way, has many opportunities for argument for both sides.

A few weeks ago we had the pleasure of listening to an address on "Bank Taxation" by William A. Robinson, a man who has devoted a great part of his life to the study of taxation in general and knows whereof he speaks. The figures and statistics he gave us, in comparison with a number of States, certainly is cause enough to make Kentucky ashamed of herself over her old and antiquated system of raising revenue.

### MINNEAPOLIS.

By T. M. Rees.

Moving his fingers with such rapidity that individual notation could not be followed and the digits seemed only to twinkle over the keys of an adding machine, Calvin G. Sutherland of the Capitol National Bank, St. Paul, broke his own speed record of 3:54 and footed 250 checks in the new world's record time of 3 minutes and 37 1-5 seconds at the contest in the First National Bank, Minneapolis, between the Minneapolis and St. Paul chapters of the American Institute of Banking. It was the most spirited contest ever held in the history of the two chapters and drew out the largest attendance. J. P. Zimmerman of the Security National Bank, Minneapolis, made second time in 3:42 4-5, and S. R. Hawley of the Second National Bank, St. Paul, was third in 3:44. A. E. Turnquist of the First National Bank, St. Paul, has the record time of 3:07 for footing checks, but that was made in 1907, when 200 was the contest number. Mr. Sutherland's time for 250 checks beats the Turnquist record.

In the mental addition contest R. M. Chapman of the First National Bank, St. Paul, added 25 checks as called out in 2 minutes and 2 seconds. A. E. Turnquist was second in 2:09½, and William Wagner of the First National, Minneapolis, third, in 2:10.

The money-counting contest, although entered into by a number, was won all through by Security National Bank clerks, J. A. Bobb handling and stacking correctly the \$955.09 in the pile, in 3 minutes and 23 seconds; I. E. Shattuck coming next in 3:42, and E. J. Wagenhals third in 3:46. Carl Diethers of the Capitol National, St. Paul, made the count in 3:24, but was \$5 off and his count was disallowed.

H. E. Cobb, president of the local chapter and Harry Libby, Thomas M. Rees and J. W. Groves, the other officers, with E. C. Phinney, were on hand to receive the St. Paul men who came over seventy-five strong, headed by President H. R. Fairchild, Secretary T. L. Lee and Treasurer Walter Honebrink. Officers of some of the local banks came down to join the clerks and in the receiving line, in clouds of tobacco smoke, were George A. Lyon and P. G. Leeman, assistant cashiers of the First National; Stanley Bezoler and W. A. Meacham, assistant cashiers of the Security National, and W. F. Olson of the Union State Bank, with A. A. Crane, vice-president of the First National on the end of the line. Harry Lester and Fred L. Will, bank clerks and also buck and wing dancers, with William Crossland, their piano accompanist, who hand-clapped softly for them, practiced their steps furtively in a corner while tobacco smoke from freshly opened boxes of cigars grew thicker and thicker.

#### NASHVILLE.

By F. M. Mayfield.

Nashville chapter held its regular meeting on Thursday, February 14th. President Hefin was absent and Vice-President L. T. Ayres presided.

The first paper was one on the "National Bankruptcy Act," by Clalborne Bryan, a prominent attorney of this city. Mr. Bryan went into his subject in detail and the paper was one of the best the chapter has had the privilege of hearing.

Charles Puryear of the First National Bank read a paper on "Making Up a National Bank Statement." He took the report by sections and explained in detail how the same was made up. These two papers were so good that at the conclusion a rising vote of thanks was extended to both speakers for the excellent addresses.

At the conclusion of these speeches, Andrew Dorris took the floor and spoke on several subjects pertaining to the welfare of the chapter.

He spoke of the preparation of the entertainment for the Chattanooga debate, and took up the question of having the chapter join the Tennessee Bankers' Association. Mr. Dorris also spoke on the lack of athletic interest in the chapter, and moved that the old athletic chair be resurrected. In response to this motion Messrs. Wilkerson, Talley and Knight were appointed on the committee.

The chair also appointed Messrs. Hefin, Dorris and Mayfield on the entertainment committee to take care of the Chattanooga debaters on the 22nd.

In response to a request, Mr. Hume, who is directing the law class, spoke on the proposed act for the

regulation of State banks, which the Tennessee Bankers' Association offered in the present Legislature. Short talks were made by Messrs. Steel and Alexander.

#### NEW ORLEANS.

By John Dane.

On the 4th of February New Orleans chapter delighted a large audience with an artistic vaudeville show. Ideal weather conditions brought out a record-breaking crowd, and the months of weary and tollsome rehearsing, etc., were crowned with success. Too much credit cannot be given to the entertainment committee, and Mr. Bourgeois, the chairman, in particular, for their untiring efforts toward perfecting the show. The program committee, with C. W. Kay as chairman, did good work, and our Mr. Bertel headed the enthusiasm at all times. We figure that we have made a net profit of one thousand dollars, which amount surpassed our anticipations at the beginning, and we expect to do a lot of good work with the results of our hard work.

The "Commercial Law" class is plugging away as usual (and that with the temperature around seventy-six).

The time is most here when the bankmen of New Orleans will hike for the ball grounds every Sunday morning to see the usual "double-header." From present indications, "The Bankers' Baseball League" of 1911 will soon be slamming the horsehide. The fans are already dopping out the result, and sizing up the teams.

#### NEW YORK.

By W. H. Kniffin, Jr.

With a prophetic vision quite remarkable for one uninitiated into the mysteries of telling what's going to happen, the writer in the February Bulletin foretold with a considerable degree of accuracy how New York chapter's tenth anniversary dinner on February 8th would be run off. It was a fitting climax to a great year. The dinner list told every man in the eight hundred where he was to sit, and who his neighbors were; the song sheets told him what words went with certain tunes from the great organ; the menu cards tried to tell him what he was eating, while the year book, together with the orators of the evening, told him everything else he didn't know. No detail was lacking, and Chairman Thompson and his band of workers are entitled to a wreath of flowers.

The boy soprano did sing like a (canary) bird, and Brother Cattell did tell his best kitten story, but how could a "Minor" prophet foretell that he would be so unkind, if not cruel, as to take the warring felines from the back fence and consign them to the eternal fires. If ever a man arose to an occasion with credit to himself and his sweetheart and honor to the office he has so ably administered, President Minor is that man. We, his satellites, are not only glad now to sit in the same pew with him, but happy to get even a whiff of his tobacco smoke! To be sure, he has acknowledged that he wrote "passages" at least seven times in red ink, and "orated" them in the wilds of Mt. Morris Park, where he warmed up



to his subject to such a heat that he melted the icicles on a policeman's bonnet!

The "Old Homestead Quartette" did full justice to their namesakes, and like the rest of the talent, covered themselves with glory. Mine Host Munchenheim worked off "pamplemousse, cerises au marasquin" in place of oysters, and lest the bivalves be neglected, the quartette sang about them, describing an oyster's feelings while being roasted, with great effect.

It was a great gathering in a great room, having a great time, and we are tempted to exclaim with the fellow who wrote the opposite: "How are the humble arisen!"

While a fair degree of levity prevailed, the foundation of the whole affair was solid. It was meat with just enough garnish to make it tasty. The keynote of President Minor's speech was "Education," for to the steady adherence to this idea New York owes its present condition. Mr. Minor said:

New York chapter is part of a great national organization of banking men. Some years ago, the more far-sighted of our parent organization, knowing that the young men of each generation must in turn bear the responsibility of caring for the savings and capital of the people, and that nothing was being done to prepare those men for such services, decided that no better means could be adopted than a campaign of education, with its glorious trinity of intelligence, probity and zeal. At their convention of 1901, the American Institute of Banking was born. It was rather a troublesome baby, for it wanted to play with all kinds of things, athletics and bowling, excursions and smokers, but age, and the example set by New York chapter, has slowly but surely brought the primary purpose of the organization to the front, and to-day it stands the large and strong educational section of the American Bankers Association.

Now for New York Chapter, because that after all is where our real interest lies. It is ten years old, and some of us have been buzzing around since its beginning, not big enough to vote, but big enough to make some noise. It is interesting to know that the men who started the movement in New York have, almost to a man, steadily climbed until they now either fill an officer's chair, or stand at the head of their respective departments.

Ten years of hard work have persuaded the most conservative of our city's banking men that New York chapter really stands for progress. Under the careful guidance of past administrations, the membership and interest have steadily grown, until last fall a campaign was started to make known to every banking man in this city that membership in New York chapter was worth while. Once the band wagon was well started, men from everywhere clamored for a seat, and to-night we number one thousand five hundred and twenty-eight members. In these two years we have doubled our membership. We have added to our membership eight hundred and one men, more men than are gathered in this room to-night, and the appeal made by Mr. Rosendale at our banquet last year that bank officers should come and join our chapter has been answered, for of that increase over one hundred and fifty men are bank officers in this city. To-day in our membership we represent practically every bank, banking house, trust company and savings bank in this city, to say nothing of our friends from Jersey. But membership is not all, gentlemen. Made possible by increased funds at our disposal, and under the direction of able committees, we are offering educational programs of which we are justly proud. Do you ask whether our members are interested and care for greater knowledge? Listen to the figures, and remember that this attendance is of men who for the most part earn their living in our city banks. At six lectures on foreign exchange the average weekly attendance was five hundred men; at our class in English and public speaking, sixty-five men; at our open night meetings, four hundred and fifty men; at our course so far in negotiable instruments, an average of four hundred men; at our four savings bank meetings for savings bank men, one hundred and twenty-five men.

Are you proud of these figures, gentlemen? I am, and I want to tell you that this is what you have brought about, prompted by love of your fellows. Ten years ago you entered a field where men were afraid to tell what they knew, for fear of losing their jobs, but who now realize that if they think hard enough to put their knowledge into words, and tell what they know, through the medium of New York chapter, they will reap rich encouragement. In these ten years—it has been hard work—you have proved beyond doubt that we were not a graft scheme, a social club, or a labor organization, but that we stood for just two things—uplift of the profession along educational lines, and advancement through merit.

And what is your reward, gentlemen? It seems to me it must be in knowing that you have given New York chapter a reasonable and sufficient foundation. You have not only raised the standard of qualification, you have as well made possible its acquirement, and through the influence of the chapter, and the rightful recognition of merit by the banks, the men of the future following your example, shall do noble things.

This year it has been my privilege to be president. It is a happy honor. No man could be more loyally supported, nor could there exist in any organization more cordial co-operation. Officers and committees have labored faithfully and well, and the renewed work and interest of the consuls will be of great and lasting benefit. I know, gentlemen, that I tread upon thin ice when I try to single out from so active an organization individuals, but I cannot help from publicly acknowledging to-night in the efficient work of our educational committee, the faithful service of our competent secretary, the painstaking labor of our librarian, and the personal cheer and encouragement of those men that I see looking at me now, that have stood at my back, but whose names I dare not mention.

Now, a word for the future, for after reading that refreshing poem written for this occasion by the wife of our secretary, and printed to-night in our menus, who can have a thought of yesterday? Gentlemen, may I reiterate what I have said before, in the hearing of some of you, that I believe New York chapter is yet in its infancy, and that the future of its usefulness is unlimited, if the men of the future will give us as much of their time and thought as you have done. Acquaint yourselves with the promotions of the last few years, and you may gain some idea of the mighty influence that New York chapter is to wield in the future. You have proved by the phenomenal increase of membership and interest this year, that banking men appreciate the need of this chapter. Bankers all through this city are eager in their praise of it, and glad to tell of the benefit to them of the more painstaking and intelligent service rendered by our members in their respective institutions. In view of this service we are rendering to the banks and to the individuals, I believe that the time is near at hand when the bankers of this city will make possible those greater opportunities that can only come with permanent quarters. We are not talking about that very much, gentlemen, but we are doing something, and that is infinitely better. We are showing the need for it more and more. From two meetings a month, with scanty attendance, we are maintaining two, and sometimes three meetings a week, with standing room only, and with permanent quarters we could offer a nightly meeting, where courses could be arranged to meet the needs of all ages and all departments, and where the technique of banking could really be studied, and the problems of the day discussed. All winter men have gathered in our meeting hall at 6:30 on meeting nights to read the financial magazines and exchange their library books. Do you mean to tell me that such earnestness on the part of the young banking men of this city will not be recognized? Oh, gentlemen, I see somewhere in the future a well equipped and comfortable reading room, and a completely furnished financial library. All I say to you to-night is this: Live on and up to the high ideal you have already maintained, and these things will surely come.

Let us continue to exclude selfish politics from our ranks. Its absence is one source of our success. Let this one question be put to every man who seeks an office: "What have you done for the betterment of the chapter in return for the honor you seek?"

So much for my topic. The only thing I can remember that I have failed to say is, with set face and deep voice, how proud I am to stand here and look into the faces of the future bank presidents. Gentlemen, after ten years, that remark and the trite old story of watching the clock is pretty well played out. We have not only outgrown it, but it is untrue, just as untrue as the familiar, "All men are born free and equal." No man is born free from heredity, and not one per cent. are equal to the requirements of the Presidency of this or any other country, and I will leave it to you to tell me what percentage of the men here gathered could successfully stand at the helm of our great banks. No doubt a lot of men would try it. Some men would try anything, but it might be bad for the banks.

No, gentlemen, there are not enough helms to go around, and it isn't necessary to stand at the wheel. There is opportunity for good or for bad all down the line. Every man, thank God, plays his part, and you know it. Oh, may the day be not far distant, when banking men everywhere shall realize that they are as much public servants as any man under the oath of a municipal, state or federal government, and fulfil that trust honestly, as true men! Gentlemen, may those of us knit together in the bonds of sympathy and fraternity in New York chapter, do our full part in uplifting our chosen calling and with ever clearer conception of our duty to the public see in every man who bears the image of our Creator, a brother, and shudder as much to take or use his money dishonestly, as we would his life.

Following President Minor's address, Honorable A. Piatt Andrew, Assistant Secretary of the Treasury, spoke on "America's Banking Problems," reviewing the provisions of Senator Aldrich's plan for a



central bank. This address as revised by the author will be published in a subsequent number of the Bulletin.

In introducing Doctor C. B. Meding, one of New York chapter's old-time and ever-popular friends, who spoke on "A Present Day Reality," the president said: "In the Apocryphal Book of Ecclesiastes, it is written: 'If thou findest a good man, rise up early in the morning and go to him, and let thy feet wear the step of his door.' At the beginning of this season there came to us from the little town of Harlem, a surgeon who cut deep into the minds of that audience. I do not know that our speakers' committee rose up early in the morning to go to him—that seems almost impossible for banking men, doesn't it? It costs money, I am told, to wear the step of a physician's door, but I do know that the committee lost no time in urging him to be present and speak at our banquet to-night, and that there was joy in the camp when their invitation was accepted."

Dr. Meding said:

Into the midst of your feast to-night I bring you a message, a burden-laden message which I hope will sink beneath the froth and bubble of merriment, and pricking you to thought, cling, a lasting optimism of this feast. If someone says that a banquet is no place for a sermon, I am sorry, but I have been unable to judge my mission by the average menu. More,

I cannot fritter away so grand an opportunity, nor can I pay you less for the honor of being your invited guest, and it is an honor to be asked to speak to a thousand men in the City of New York, and so, as there is physical strength in union, and spiritual fervor in communion, may we not to-night with one accord lift up our hearts, open our minds, and with eager concentration, strive for the best of our day and hour together.

As we are seated here to-night in listening temper, so in very truth, mankind everywhere throngs in receptive mood. From any eminence of thought or action, man sees the countless family of his brethren looking up, reaching up, for the truer, the better, the happier, reaching up, yes, men, moving up, and as that advance is intensive, sincere, and sacrificial, it is success, the only success which a man's devotion, the definite result that moulds progress into permanency.

As time, pendulum-like, swings now in longer, now in shorter arcs, history records the story in periods, in composites, and it seems to us that we are always reading of racial or national or world movements, and it is no wonder if, in the confusion or weariness of misconception, we become so bewildered with aeons, and ages, and epochs, so worn down by empires and kingdoms, that the ego, the soul, the individual, is forgotten, and like aimless particles, we are awirled along in drift and eddy, unimportant and unknown.

But such obsession is fatal to ambition, it emasculates selfhood. A supreme hope of this day is not only its demand for but our achievement of individual development, and "The Present Day Reality" I present is the universal cry for the cultivation of personal goodness, a far, clear call for the rise of the spiritual, and my theme is that only a wise estimate and a virile grasp of these environmental standards can bring success, your success, my success, any success at all, for after all it is your appraisal and interpretation of this world of your day that makes it to you best or worst, Heaven or Hell, and it is your adaptability, as well as your energy, that makes for your health or disease, for life or death therein; and so, it is only he who wears the yellow glasses of materialism that sees the world as a centre of despair, and the people in it all full of jaundice. It is not so much the external condition as the internal disease that breeds anarchy—anarchy, gentlemen, the same disease, whether it is in law defiance or law denial. For any helpful or forceful combination in this cosmos, there must be love of God, honor for man, and, for our time, place, and labor, respect. That very breath of life, character, is brutish without humility and we need every strength of character if we are going to keep abreast of the living tide of truth. We invite failure if we suffer the clogs of bias and pessimism. If you must be harnessed to something, harness yourself to a meteor, not to a cloud. Gentlemen, these are simple things. A pernicious thing is never trivial to a man of vision.

Of course, success is a twin growth, material and spiritual, but the material matured centuries ago. It throve in the day of few people, boundless territory, unlimited natural resource. It throve in the day when it was necessary for it to make a permanent foundation for its twin, the spiritual, which should forever predominate, and so, just as to-day no ethical pronouncement that excludes Deity or immortality can lead either sage or savage, so the success that omits permanency is unthinkable.

Everywhere, no matter what realm of biology you search, you will find that only that progress which is builded into the mental or spiritual trait, becomes permanent, for externals crumble away before their fame has come. Only the spirit is indestructible. If we are going to be satisfied with success, it has got to be permanent, and we can only have it permanent by being it.

In the open of present day morality, success is not some wild wind of accomplishment or fancy, but a whole beneficent ether, current, strata, atmosphere. The accumulation of achievement must be accompanied by its possessor's manhood, and the fields he has harvested. Not only what I do and what I get, but what I am, and the way in which I got it, must stand for judgment, if the verdict is to see to-morrow's sun.

The stress of caring for great fortunes and the common lack of content in their possession are not due to any innate burdensomeness on the part of wealth, but to the outlying unstable equilibrium its gathering caused. No feast can obliterate that famine, and no cloud-burst of philanthropy can flood the desert of that discontent.

Again, the altitude of our success is not measured from our sea-level, but from our starting point. The elements of heredity, temperament, environment, these have got to be checked back. We want purity in the passionate, restraint in the strong, ambition in the indolent, development in the degenerate. These are labors, inspirations, victories. I suppose a jellyfish is pure, but who ever heard of a passionate sponge? We must remember that man never is, but always to be, and that forceful life is always becoming, and because we are parts of the whole, our country and time can do no better than we, its citizens. Its policies re-echo our morality, its permanence endures just as long as our character.

The peace of nations for which we long is not the state of impotent people held by the apron-string of fear, but the continence and righteousness of great powers. The temperance for which we pray is not the law-chained obedience to license, nor yet the discipline exerted by a possibly perfect police force, but the living will of free people to do right.

Mere bigness, often vaunted, is more often a deformity than an ornament, and needs a surgeon's knife, not a medal. That is not a successful tree whose prodigious growth starves out a hundred brethren, and then in too sudden collapse crushes the rest.

Since the success meter is not in the town hall, but in our selfhood, the laudableness of triumph must be more and more measured from the uplift of yourself, and its fruitage for the race, for the chief end and aim of life is and always has been happiness. Many and strange have been the ways men have sought for it, diverse and curious their conclusions as to its use and source, but the way has ever been from darkness into light, and that is evil which clouds the light. It is a far-cry from the gladiatorial contest of Ancient Rome to the Child Welfare Association of Modern New York, but it is a call, the music of which has been growing richer and clearer through the years, and which will some day be celestial. That pestering mediocrity called pastime is neither end nor aim. Of course, we need rest, but it must be the rest that restores. Of course the law of self-preservation is for us all, but there ought to be some value to the self that is to be preserved, which ought to be preserved for the future.

Studying life in its ceaseless ascent from beginnings in mere existence, mere duty, mere selfishness, mere pleasure, up to the present, when we reverently consider it the eternal value, with a common need, we kneel at a common altar, and find our happiness to be the quest of another's joy, our success the liberty that makes us free to serve.

Oh, may we reach,

That purest Heaven! Be to other souls

The cup of strength in some great agony:

Enkindle generous ardor—feed pure love—

Beget the smiles that have no cruelty—

Be the sweet presence of a good diffused—

And in diffusion ever more intense:

So shall we join the Choir Invisible

Whose music is the gladness of the world.

From these higher levels there bursts upon us a glorious enlightenment. Here in the lens of what we have made of ourselves projects the picture of what we have done for others on the screen of things as they are. Sharply, clearly, terribly, its rays pierce the gloom of sophistry and selfishness, divide the right from the wrong, acclaim justice or injustice. In its rays, the mean, the petty, the evil, loom big and horrible. The gold of their profitless thrift disgusts like a harlot's rouge, and sin as well as evil, is abhorrent.

If the end of study were but my finished mind, of health, my fit body, of labor, gold; if material dollars earned, and saved and spent, be the ultimate, hope is indeed dead, peace is indeed impossible, and the present day uplift in ideal and reality is a misnomer. But, my brothers, these things, the mental in its perfecting, the physical in its vigor, the doing, the thinking, the acquiring, the spending, and the being spent, these are the hand-maids of the soul, the thousand hills feeding the great springs of selfhood, that in turn minister to the common good; and up these steep but sunlit hills, humanity is climbing, not being pushed by destiny, but led by will, each new attainment disclosing ways to richer acquisition, each dear

desire dissolved in realization, revealing another loftier and more ennobling. The daily drudge is no longer required routine, but the fulfilment of man's prerogative, righteous usefulness. So, awakening to the glory of the real, we shall be ashamed to sacrifice at any lesser shrine. Opportunities for character-building turn mandatory, and the success we crave, the only success worth a man's building, the only success that will crown no victor whose winnings are not benefactions, will be ours.

If I picture to you no Utopia, I bid you await no millennium. If you will only open your eyes, and unstop your ears to the light and song of to-day, you will see and hear the present day reality, the cry for personal goodness, and if you will serve as men, and if your service be intensive, sincere and sacrificial, the consummation is begun.

"If you can keep your head when all about you  
Are losing theirs, and blaming it on you;  
If you can trust yourself when all men doubt you,  
But make allowance for their doubting too;  
If you can wait and not be tired by waiting,  
Or being lied about don't deal in lies,  
Or being hated don't give way to hating,  
And yet don't look too good or talk too wise;  
If you can dream and not make dreams your master;  
If you can think,—and not make thoughts your aim;  
If you can meet with Triumph and Disaster,  
And treat those two impostors just the same;  
If you can bear to hear the Truth you've spoken  
Twisted by knaves to make a trap for fools,  
Or watch the things you've given your life to, broken,  
And stoop and build them up again with worn-out tools;  
If you can force your heart and nerve and sinew  
To serve your turn long after they are gone,  
And so hold on when there is nothing in you  
Except the Will which says 'Hold on!'  
If you can talk with crowds and keep your virtue,  
And walk with kings, nor lose the common touch,  
If neither foes nor loving friends can hurt you;  
If all men count with you, but none too much;  
If you can fill the unforgetting minute  
With sixty seconds worth of distance run—  
Yours is the earth and everything that's in it,  
And—which is more—you'll be a man, my son!"

Joseph T. Talbert, vice-president of the National City Bank of New York and an acknowledged authority on the subject of credits, gave a masterly address on "Loans and Discounts," which is printed elsewhere in the Bulletin.

The Rev. James S. Kittell, D.D., pastor of the First Reformed Church of Albany, spoke as follows on "The Moral Dividend":

I have been impressed to-night, especially through the address which your President gave—a most excellent address—with the fact that the men who compose this institute are men who are doing things in the City of New York, and just because you are doing things, you are true Americans, for that is one of the marks of the true American spirit—that we are not content unless we are doing things, and doing them all the time. If one goes back over the history of our country and considers our American development, and our American growth, he is impressed with the fact that we have inherited from the past this desire to do things. Those people who settled on the Atlantic Coast, who took possession of a wild and unknown territory, were not content merely to build their log houses and live within the little compound, but they were continually reaching out, and that spirit of doing things caused them to reach out beyond the little original strip of territory which they took possession of, out over across the Blue Ridge, across the Alleghanies, across the prairies of the West, out to the Golden Gate of the Pacific, until in the one hundred years of American history, more has been accomplished in the expansion of territory in America than in the history of any nation in the world, until to-day the United States of America stands as the great colossus of the world, from the Atlantic to the Pacific, from Alaska to the Islands of the Sea, an empire on which the sun never sets. We have a right to be proud of the great progress we have made in the expansion of territory. That same desire to do things has manifested itself in the great commercial and industrial life of our nation. It was because men wanted to do things, and because men are doing things, that we have here on Manhattan Island such a city as this, that rivals London, one of the oldest and one of the greatest cities in modern civilization. It is just because of this desire to do things that we have a city called Pittsburg, sending out its great clouds of smoke, with its immense industries and commerce, one of the great cities of the world. It is just because of this desire to do things that such a State as Colorado has been made possible, a State whose hills have gold and silver enough to buy any kingdom in the world, and in whose soil they raise every year potatoes enough to feed the Irish.

It is just this desire to do things that has made the great Middle West, where this last year they gathered grain enough, if you were to pile it up in one great golden heap, and then you were to take some of these great grain wagons of the West,

and were to fill them with that golden grain until they were overflowing, and then start them out, and follow one with another, they would stretch out across the Eastern States, over the Atlantic, across the Atlantic, over the British Empire, across the low countries, the countries of the East, and back again over the sea, and you would have to go around the globe eight times with those wagons, before you carried all the grain raised in the Middle West this last year.

It was this spirit of doing things that pushed men out into the West in search of gold, that pushed them out into the West to make these arid places of the West into the garden spots of the world.

There are men doing all kinds of things in these United States of ours. For instance, there is Luther Burbank, in California, who raises apples red on one side and green on the other, half sweet and half sour. You can't possibly imagine what that man will do with his American genius, unless it be to combine the bee and the flower, and manufacture honey all the time, or to graft the strawberry on the milkweed, and produce natural strawberry ice cream. This American spirit of doing things has strung the country with telephone and telegraph wires, and checker-boarded it with railroads. It used to be called "Yankee notions," because out of the grab bag of the Yankee were brought forth all kinds of new things. The Yankee notion was the maker of the cotton gin, and it is this American spirit of doing something constantly that is represented in the spirit of this group of men gathered here, representing the great banking interests of this great metropolis of the new world.

But, there is something else about it. There is not only the doing of things, but I believe that the American thoroughly enjoys the work which he is doing. In this country, as in no other country, work has been put upon a basis of honor, and every man is honored if he gets work to do, and it doesn't make any difference what kind of work it may be. In ancient times there were only two kinds of professions that were honored. They were, war and statesmanship. A little while afterward, in the middle ages, there was added a third class—that of the clergy. Those were the three honored professions, and all other men were looked down upon; but this democracy of ours was founded by men who lifted work up to a most honorable place, and we have come to that time in our social history when an idler cannot be sent to a regiment and receive honor, unless he does honest work, and pays for that which he receives. It is just such men as you who are leading up constantly to a higher level of honor and dignity, all those who do honest and true work.

But more than that, we are building into these great cities, and into this great nation of ours, a moral element which no other nation in the world can compare with, for we are not content with building great cities, we are demanding now that they shall be good cities. We are not content merely with electric lights, with sidewalks, tall buildings, and public parks, but we insist that men shall have a square deal; we insist that men shall have a clean place to live in, and we demand that the great festering sores of our American cities, the slums, shall be wiped out, and the time is coming when some of our rich men will go into these slums and clean them up, and make our American cities great cities indeed. Men are demanding that in work, in politics, in commerce, into society, there shall go the same conscience which makes a man a good father or a good husband, and makes a man a good member of any church. The very thing that we are insisting on in these days in our American life is the putting of conscience into the affairs of daily life.

Years ago, there was an old, famous rope factory in New England. It was famous for this, that it made the best rope in the world. These men made good rope because they knew that on every strand some human life depended for its safety, and it was said of them that they wove their conscience into the rope; and so, the men of to-day, as never before, are weaving their consciences into the making of our American cities, into the making of a good government, into the making of a fine and noble society. When one stops to think of the men who have made great wealth in this land of ours, with its great opportunities, then we may realize what so many have done in their selfishness with their wealth, not hoarding it up for selfish purposes, but distributing it for the common good. Take for instance one thing, the building of great libraries all over this land of ours, in order that everybody may have an opportunity to read good books. I don't know that everybody understands why it is that Mr. Carnegie puts his money into libraries. When he was a poor boy down there in the Third Ward, he had one consummate ambition, and that was to read books; a man loaned him a book—the best book he possessed—and Mr. Carnegie said then that if he ever had money, he would make it possible for every boy in every city to have all the books he wanted to read. No man should be giving out of that wealth which he has received without bringing out a moral tone, bringing out a moral dividend for the great industrial life of our nation. Many of our American colleges have been built upon the money brought out of our commercial and industrial life. Just a little while ago I was interested in an article by Sir William Ramsey about atoms. He said that the atom was so small that you had to multiply it a million diameters, before it was big as a speck of powder on the end of a lady's nose. Now, I am told they have gone much further in their discoveries, and they have given to us the electron, which is much smaller, and moves at

the rapid pace of one hundred thousand revolutions a second. This has all been brought about through the research made possible by the money of the American millionaire.

Take the fight against typhoid, by putting germs in the veins, and carrying on the warfare against disease. All these things have been made possible by American money, and our American men of wealth are not content merely with hoarding up their money and using it for selfish purposes, but they use it in helping their fellow men with that which they have accumulated. That is the moral dividend of our American industrial and commercial life, which is very seldom emphasized, the fact that there is so much being done for the helping of mankind through the great wealth which has been accumulated by these great men of ours.

There is just one other thing, and that is that in this land of ours, as nowhere else, there is a spirit of brotherhood everywhere among men who work. Such a spirit of brotherhood I have seen manifested here to-night. You are something more than merely an official or a clerk in a bank, you are something more than men drawing a salary or making money; you are trying to be a brother to somebody else, and to help somebody else in distress; and if I may give you just a little bit of poetry in this very line of a moral dividend, and the brotherhood which exists in our life, it would be this:

There are hermit souls that live withdrawn  
In the place of their self-content;  
There are pioneer souls that dwell apart  
In a fellowless firmament;  
There are pioneer souls that blaze their paths  
Where highway never ran;  
But let me live in my house by the side of the road,  
And be a friend to man.

Let me live in my house by the side of the road,  
Where the races of men go by,  
The men who are good and the men who are bad,  
As good and as bad as I,  
Then why should I sit in the scornor's seat,  
And hurl the cynic's ban?  
Let me sit by the side of the road  
And be a friend to man.

I see from my house by the side of the road  
By the side of the highway of life,  
The men who press on with the ardor of hope  
And the men who are weak with the strife,  
Yet I turn not away from their sighs or their tears,  
Both part of the infinite plan,  
Let me live in my house by the side of the road  
And be a friend to man.

I know there are brookland and meadows large  
And mountains of wearisome height;  
That the hour stretches away through the long afternoon  
And passes away to the night;  
And yet I rejoice when the strangers rejoice,  
And weep with the travelers that moan,  
Nor dwell in my house by the side of the road  
Like a man who dwells alone.

Let me live in my house by the side of the road  
Where the races of men go by,  
The men who are bad and the men who are good  
As good and as bad as I,  
I would not sit in the scornor's seat  
Nor hurl the cynic's ban,  
Let me live in my house by the side of the road,  
And be a friend to man.

It was nearing midnight when the last, but not by any means the least, of the speakers of the evening took the floor. In introducing Edward J. Cattell, editor of "Philadelphia," who spoke on "The Pursuit of Happiness," the toastmaster said: "I was going to compare Mr. Cattell to Gladstone, and to Edward Everett Hale, both of them known as the grand old men of their respective countries. But all of that I will put to one side, and simply present to you Edward J. Cattell, of Philadelphia. You will remember that when he came to address us before it took him all day to get here from Philadelphia on account of the engine of his train having to go back and look for its own whistle. I hope he had better luck to-night."

Mr. Cattell said:

I believe in happiness. I have seen a great many swings of the pendulum from the time when I used to go to bed at night and couldn't sleep because of the terrapin I had eaten, to other nights when I tried to go to sleep to forget that I was hungry. I have lived all over this world, and lived with

all phases of mankind, and I have lived a good many years, and yet, my friends, there is never a morning that I open my eyes to sunshine but the first words that cross my lips are, "Thank God for life, for another day to live, for life with its invitations and opportunities and its chances to feel that thrill of being that makes a man thankful, as Whitman says, for "life, more life," and the wine of life grows richer and with a finer bouquet the deeper you drain the glass." I don't believe there are any dregs in the glass of life. Do not be afraid of the menace of the years, but go forward and live your life and trust to God for the outcome.

Now, pleasure, it seems to me, is something that you bankers want to take cognizance of. In studying the labor question—and I have given twenty-five years to the study of that problem—I have come to believe that there is no labor question, that it is a pleasure question, this hunger for pleasure implanted in the human heart is a thing which must be taken cognizance of by the powers who govern. If you will solve the pleasure question, you will solve the labor question. If you will go all over this country, you will find that the men who have opportunities to go out into the sunshine, and to spend the spring, are better and purer men. In that old city of Philadelphia, from which I come—and of course they only send over here the old men like myself, and you generally make me the last speaker—I am beginning to think that you take me as a sort of Old Hundred, a sort of benediction to close the service. It was rubbing it in a little bit though, when on one occasion, after I had spoken, they sang, "Rise, and Strike the Lyre." Over in that old city of ours, where we get our root ideas from William Penn, we have always realized the value of pleasure as an aid to government, because we hold that happiness springs from the home, and that if you will only give a happy home life, you will develop that in our citizens which will relieve the State of much of the burden of conducting government. Now, over in that city, two hundred and twenty-eight years of age, we have to-day three hundred and thirty-seven thousand separate dwelling houses, more dwelling houses than the great State of Oregon and the great State of Colorado combined, and eighty per cent. of those homes are owned by the people who live in them. Around these homes we have scattered six thousand acres of parks, because we believe with that help life is aided, and government is aided, and we are just entering upon the greatest development our city has ever seen, a development which will probably cover twenty years, and involve several hundred millions of dollars; and after that we are going to build great docks, and great subways connecting all parts of our one thousand two hundred and ninety-two square miles of territory, and then we are going to take up the question of manufacturing industries, and do those things which are recognized as aids to the development of the community. We are going to give one of the first places in that program to the development of the greatest amusement and assembly center in the whole world, costing four or five millions of dollars, with a concert hall that will seat twenty-five thousand people, a stadium that will seat forty thousand, and an open air convention building, with six miles of seats, and an avenue leading to that right from the heart of our city, which will represent twenty-five millions of dollars of investment, just to bring God's green trees right up against the granite walls of our business edifices, carrying men back to nature, recreating the child heart in them, and keeping alive in them the child heart affection for the works of nature. We are putting to the test of actual trial the theory that while it is not possible always for one man to make another man good, each can help to make some other man happier, and then it is easier for God to make that man good. We believe in moving in Philadelphia at possibly a more steady gait than some of you people, but there is great deal of difference between "going some" and "going somewhere."

Now, let me tell you one thing about happiness, and prove it by results. You will hear people talking about things going to the dogs, about everybody being worse in this generation than they were in the previous generation, and about how evil is overcoming good. Did you ever stop to think that there are eighty thousand people in the poor houses and penitentiaries, and there are thirty-five million people who are church members—thirty-five million people working with brain and brawn against eighty thousand idlers. Now, are the eighty thousand going to balance the thirty-five million? Did you ever stop to think that since 1870 every day twenty-five thousand acres of new land has been added to the cultivated area of these United States, that every second of every hour for ten years one hundred dollars has been put aside for the future use as new capital—eight and one-half million dollars every day, three thousand million dollars every year saved to this country. Did you ever stop to think that in six weeks last summer we raised one thousand million dollars in one crop, that down in the south there lies undeveloped and untouched thirty-nine thousand millions of dollars of new wealth in the peat bogs—one-third of our national wealth? That in our rivers there lies undeveloped and unused three times the pulling power of all the horses in the whole world? That although we have given away our property with a lavish hand for forty years, we have now seven hundred and fifty million acres still to give away? Why, we are just at the opening of a new era, just at the dawn of a new era, and we have immense undeveloped and unused power and resources that will enable this country to go forward to the greatest development known to the civilized world.



I will give you just one little illustration as to crime. We read of robberies and murders, and we talk about it at home. The other day someone said to me that we have a great deal of crime in Philadelphia. I said, "Yes, we had four thousand two hundred and sixty robberies last year. That is a great deal of crime. But let me do for you a little sum. We have three hundred and thirty-seven thousand homes exposed to the robbers for three hundred and sixty-five nights each year. That is two hundred and fifty million opportunities to rob, and four thousand two hundred taken advantage of. Could you run your banking business on that percentage of loss—less than one ten-thousandth of one per cent?"

Don't be disappointed if you sometimes don't get all that is coming to you. When I was at school my inclination—inherited from my father—my natural tendency was to be bad. I have outgrown that, I guess I haven't as good health as I used to have (laughter). But, at this particular school I had been very good. The night came around when the master was to punish the boys, and the first name called out was my name. I was brought up to the stand and given the worst spanking I ever had in my life, although I protested that I thought it was unjust. The master said, "No, it's all right; I looked at the list just before I came down." Eleven boys, every one of them protesting, were brought up and thrashed. The next day the master apologized, saying that he had got hold by mistake of the confirmation list instead of the bad list. He had licked eleven boys, eleven of the best boys in school. I have never tried to be good since. You don't always get what is coming to you, and you don't want to depend too much on the notion that you do.

In life, you have got to do your part, and you have got to do it well.

So, we want to learn our part, to get into touch with our better selves, and just trust to God, while we do a few things for ourselves. He gets so much instruction now, since we have free public education, that it is almost a wonder how he made the earth without the benefit of this knowledge and advice. Sometimes I think that Bishop Durham was right when he said that none of us is infallible, not even the youngest.

There is a good bit of nonsense in what I have said, but underlying it perhaps there is a little strata of truth. At all events, it comes from my heart, and it comes from a very real desire to make you gentlemen present here take home with you to-night a higher value of life. A stronger passion for life makes you all in one way rich men, and perhaps with that stronger love of life will come a stronger and a fuller realization that the term "sovereign right" in America is not a mere legal phrase, but that it means something, and that meaning something to you, means it not only to this land, but to the whole world. I think sometimes we all forget the mighty thing we have inherited, the awful trust we have for other generations. Years ago, in Philadelphia, I was helping my mother at the Cooper Volunteer Refreshment Saloon, and there, during the Civil War, I would see magnificent specimens of manhood, men from Vermont, and the New England States, coming there the pictures of health, burning with enthusiasm, going to bear the brunt of war, going forward to the struggle in the South; and then, weeks afterwards, I would see returning some wreck of a life, with an arm or a leg gone, health ruined for all time, men coming home to die by stages, and yet with a light in their eyes that only comes after a man has proved that he holds something dearer than life, coming home and blessing God, despite their sufferings and their seeming misspent lives, blessing God for an opportunity to prove the good that was in them. Some time later, in the early spring, in April, I stood with my old father in Independence Square, under the shadow of the cradle of liberty, to take my last view of the face of Abraham Lincoln. I had known Lincoln as a young man. He represented all that I held sacred. He seemed to me indeed the first American, and so it was a personal sorrow, one of the first I had ever known, one of the first to come into my life—his death. We took our place at the end of that long line of six thousand waiting men, and under the old trees, as the shadows darkened, and the night deepened, we went slowly step by step nearer the two windows, inside of which lay the body of Abraham Lincoln, those windows, through the light of which we could see silhouetted the shining form of an officer standing at the head of the coffin. At one time during the night some returned prisoners were singing, "Camping in Georgia" and "Massa's in the Cold, Cold Ground;" and then, some colored people over across in Jersey, began to chant those melodies that seem to echo their own great sorrow; nearer and nearer that long line came to the old State House, where our Declaration was signed, closer to the form of him whom I loved; and just as the long day was breaking I passed within those sacred walls, turned to the right, and looked for a moment on that face which already seemed to have the light of the eternal day upon it, looked at those lips that had spoken the words that had struck the shackles from four million slaves, and then passed out into Chestnut street, where the light and activity of the new day was proving that life was real and life was earnest, and there fell from my lips the first real prayer of my life, there came into my soul the first realization that life was real and earnest, and that I was in fact the son of the living God, and that prayer was that some day, somewhere, somehow, the loving God who holds the key to every human heart, who is the great central intelligence, who gives to men at certain moments that power to

open the hearts of other men, would some day give me power to say that word which would carry to the soul of some fellow sovereign in America, a new sense of his worth, bring to birth in his heart a determination that in every day of his life, in the simplest acts every day, he would make his life a living answer to Lincoln's prayer that government of the people, for the people and by the people should not perish from the earth. God reads men's hearts, and who knows but to-night he may answer that prayer, and as a result of my visit here, some soul may feel impelled to-night highly to resolve that from his actions the whole nation shall come into a new birth of freedom.

The following poem was written for the occasion by Mrs. W. H. Kniffin, Jr.:

The highest, noblest, thing that you can do  
Lies in to-day;  
Spend not its precious hours in vain regrets  
For yesterday.  
Sit not and dream of promises to-morrow  
May fulfill,  
But use to-day, and do each task it holds  
With all thy will!

Hope gilds to-morrow, ever placing it  
One day ahead;  
But Love with jewels fills to-day, and gives  
Them now instead;  
So grasp each gift that Love holds out, and when  
The day is done,  
Thou'lt find, in hopes fulfilled, to-morrow and  
To-day are one.

Thy one God-given talent lies within  
To-day's embrace—  
The duty that is nearest—use it well,  
Nor hide its face,  
And it is thine with increase; for, to him  
That hath is given.  
Then live to-day! for in to-day rests all  
Thy hope of Heaven!

#### PHILADELPHIA.

By Frederick Butler.

Continued progress of the most substantial kind appropriately characterizes the work of Philadelphia chapter. Interest in study work is being sustained to a high degree and this means much, for these meetings are held weekly instead of monthly, as was the case a few years ago.

The attendance at regular chapter meetings maintains a high average. The address of Harry M. Albertsen, on "The Method of Accounting as Applied to the Adjudication of Estates in the Orphans' Court" on February 3d was of especial interest to trust company men and brought out a good house. At the same meeting Dr. Talcott Williams, editor of the "Press," again favored the chapter with an eloquent address on "The Rising Tide of Business Integrity." Dr. Williams is a talented speaker and submitted evidence of a practical character, which showed very clearly the advances that have been made in business organization, and the decreasing percentage of business failures, Dr. Williams' statements testify to the efficiency of present business methods.

The first of this season's debates was held on Friday evening, February 17th, at the chapter rooms. Our opponents were a team from Swarthmore College, and the subject was: "Resolved, that federal legislation shall be shaped toward the gradual abandonment of the protective tariff." The chapter was represented by Edmund Williams, assistant cashier of the Tradesmen's National Bank; Somers S. Moorhead, of the Pennsylvania Annuity Company; E. Leslie Allison, of the Chelton Trust Company, and O. Howard Wolfe, transit manager of the Philadelphia National Bank, who championed the affirmative side



and obtained a unanimous decision. The Swarthmore debaters were Wm. H. Bradfield, Walter L. Lukens, Raymond K. Denworth and Roy Ogden. Wm. Clarke Mason, of the Philadelphia bar; John D. Morris, publisher, and Dr. C. L. Altmaier, of the Drexel Institute faculty, acted in the capacity of judges, and gave some helpful criticism at the close of the argument. Under the leadership of Chairman Knox, debating is rapidly coming to the front with us, and from now on at least one debate each month is scheduled with other debating societies, in addition to which one or more contests are held each month between teams from our own debating section.

Since the Pennsylvania Bankers' Association amended their constitution to admit Institute chapters in Pennsylvania to full membership, Philadelphia chapter has joined that association and we believe both Scranton and Pittsburgh will also join. As has been heretofore announced, an important part of the program at conventions of our State association is an inter-chapter debate. Having found this alliance of great assistance in our work, we strongly urge other chapters to become affiliated with their state organizations.

Chapter membership keeps growing apace. Chairman D. J. Myers and his committee have added about 200 members to date and our total membership now numbers about 33 per cent. of all the bank men in Philadelphia—more than 600 men keeping before them our motto: "Education and Advancement Through Merit."

The tenth annual banquet of the chapter has been scheduled for March 18th at the Hotel Walton. The speakers on that occasion will be Judge Chas. F. Moore, of New York; Joseph C. Lincoln, the well known author, and William A. Law, vice-president of the First National Bank and president of the Pennsylvania Bankers' Association. All the indications are that this will be our biggest and best banquet.

#### PROVIDENCE.

By E. D. Armstrong.

The regular meeting for February brought out an encouragingly large number of members. The speaker of the evening was L. D. Peavey, statistician for "Babson's Reports," and his subject, "How Some of Our Large Financial Institutions Forecast Money Rates and Bond Prices by the Area Theory," was a new one to most of our members. Mr. Peavey interestingly brought the history of chart making from the time of the ancient Egyptians down to the present. He described the manner in which the data is obtained for the composite charts issued by his company and gave us a glimpse of the enormous amount of work necessary to get the required information and mould it into shape to be of use as a basis. The composite charts, which are issued with a weekly trade letter, show the present and past business and money conditions in manner for comparison, and help to indicate what changes may be expected in the future, as shown by past records.

At the conclusion of the address, Marshall N. Martin ably entertained with vocal and instrumental selections, while refreshments and cigars were enjoyed by the members and guests.

#### ST. LOUIS.

By Frank C. Ball.

On Tuesday evening, January 26th, Hon. Thos. J. Akins, Postmaster of the city of St. Louis, spoke before the Chapter concerning "Postal Savings Banks." Mr. Akins prefaced his address of the evening with a five minute genesis of the postal service, tending to show that the postal service has been conducted in an efficient and satisfactory way with small cost to the people. He then began his talk of the evening by voicing the opinion that the Government would show the same results in taking care of the savings of the people.

Mr. Akins believes the postal savings bank law is the result of a popular demand extending back forty or fifty years, and that the postal savings bank has come to stay, although there are many details still to be worked out concerning the receiving and handling of the funds.

Ralph H. MacMichael, of the Mellon National Bank of Pittsburg, president of our National Organization, was with us on January 26th and spoke before the Chapter in the evening. Mr. MacMichael spent the day visiting the banks and other places of interest. Mr. MacMichael was guest at dinner at the Mercantile Club; those present were Byron W. Moser, Louis W. Fricke, Franklin L. Johnson, James M. Turley, Henry Aehle, Fred L. Denby and Frank C. Ball. All felt drawn to Mr. MacMichael on account of his sterling personality and were much interested in his valuable suggestions. Mr. MacMichael makes friends of all with whom he comes in contact and is certainly a credit to the organization he represents, as well as to his bank and chapter.

The evening of January 31st was given over to a discussion of the Paying Teller Department. Louis W. Fricke, Assistant Secretary of the Mississippi Valley Trust Company, addressed the chapter concerning this department in an able manner and conducted the discussion which followed.

Gus V. R. Mechin, Real Estate and Title Expert, favored the chapter with an address on February 7th, subject "Real Estate Law."

Rabbi Leon Harrison, D.D., addressed the meeting February 21st, subject, "The Gospel of Labor; How Work Educates Us." His address proved to be one of the best we have had this season and was thoroughly enjoyed by all present. Mr. Rufus R. Claiborn rendered several vocal numbers.

C. R. Laws has lately been elected Assistant Cashier of the Boatmen's Bank. Mr. Laws has long been an active member of the chapter and his promotion is merited.

Also am glad to announce that Lawrence L. Will, another active member of the Chapter, has recently been promoted to the Cashiership of the Lowell Bank.

#### SAVANNAH.

By Geo. H. Dieter.

The regular meeting of the Savannah Chapter was held on February 9th. After the business of the meeting had been transacted, Hon. Joseph F. Gray, a member of the Railroad Commission of Georgia, and Secretary of the Savannah Chamber of Commerce, was introduced.

Mr. Gray stated that he had not come to make a

speech, but had come prepared with some figures to show what Savannah and the rest of the South were doing. He then read a statement showing the wonderful increase in population, manufactures, imports and exports, as well as the increase in property values of every kind in the South during the last ten years, giving particular attention to those of Savannah and the rest of the State of Georgia. In Mr. Gray's opinion this growth is but the forerunner of what may be expected during the next decade. Mr. Gray said that these figures are the surest proof that the South is awakening and has great confidence in its enterprises.

Mr. Gray spoke of the Panama Canal and its influence on local trade. He said that tonnage must be developed by local manufacture in order to compete with other points and emphasized the necessity of the development of South Atlantic manufactures.

Mr. Gray said that this is a new country and its development in the last seventy-five years equals that of European countries which have taken seven or eight hundred years to reach the same stage of development. He called our attention to the fact that our factories have been so busy supplying the home demands that we have had no time to find out and supply, as we should, the wants and needs of Mexico, Central and South America, but with the awakening of the entire nation, we will be strong competitors of Europe for the trade of the whole American continent.

Mr. Gray also spoke of the development of the accountant or "bookkeeper," as he was called; explaining that this development has been brought about by the change in business methods, as instead of doing a small business at a large profit, large business is now done at a very small profit, hence the necessity of the business man knowing exactly how he stands each day.

### SCRANTON.

By Frank H. Pierce.

As we have reported on previous occasions the class in Banking and Finance is meeting with remarkable success in its work. Recently the students commenced the second half of the lecture course.

The last regular meeting of the chapter was held on the 24th of January and routine matters occupied considerable of the time. However, Kenneth R. Burnett, Chapter Treasurer and Cashier of the new Pine Brook Bank, was on hand and entertained us with a story of the organization and launching of his institution into the billowy sea of experience. His discussion was very interesting but was also not without its humorous side. An idea of his many troubles were given when he related the startling fact that when the bank opened for its first day's business the safe had not arrived.

It has been said that a "Banker who is nothing but a banker is no banker at all." Following up this line of thought and applying it to bank clerks was the means of convincing the people of Scranton and vicinity that the members of Scranton Chapter are real live bank clerks. This was the ultimate result of the athletic contest and "Bankers' Night," held at the Scranton Y. M. C. A. on the evening of February 8th. Following the spirited athletic contests in the

gymnasium the one hundred and fifty men present were given the privileges of the institution and thoroughly enjoyed themselves. The Pittston members of the chapter, likewise those of Scranton, organized themselves into two teams, representing these cities and opposing each other in all the events. These included the standing high jump, running high jump, shot put, relay race, basket ball, bowling contest, check contest and pool tournament. With the exception of the bowling tournament and a tie basket ball game, the honor of winning all the events went to the Pittston bank men. When the several events had been finished the party retired to the parlors where a light lunch was served, interspersed with an interesting medley of music and impromptu speeches. The committee in charge of this successful event consisted of W. B. Kramer, Lackawanna Trust, Chairman; Kenneth R. Burnett, Pine Brook Bank; J. D. D. Gladding, Traders National; E. A. Tropp, Dime Deposit; John Griener, Lackawanna Trust; George F. Schautz, Lackawanna Trust; John Benfield, of the First National, and Frank H. Pierce, of the Miners Savings Bank, Pittston.

### SEATTLE.

By George R. Martin.

The annual banquet of Seattle Chapter of the American Institute of Banking was held February 14th, at the Hotel Washington. Two hundred and eighty-five bankers and bank men were in attendance, the largest gathering of its kind ever held in Seattle. At the speaker's table, sat the heads of all the financial institutions in the city, the officers of the chapter, and men prominently identified with the big interests of the Puget Sound city.

J. W. Spangler, Manager of the Credit Department of the Dexter-Horton National Bank, acted as toastmaster, and was introduced by the President of Seattle Chapter, William Crawford. Music was furnished by the symphony orchestra and the University of Washington male quartette.

The program of toasts included:

William S. Peachy, Assistant Cashier Seattle National Bank, "Discretion."

Thomas B. Minihan, Vice-President Scan.-American Bank, "Just a Story—Benefit A. I. B."

Rev. Adna Wright Leonard, D.D., Pastor First M. E. Church, "The Influence of the Banker."

John H. Powell, of Peters & Powell, Attorneys, "The Money Touch."

Carl Reiter, Manager Orpheum Theatre, Selected.

The speaker of the evening was William J. Burns, of the Burns Detective Agency, who is now in Seattle in connection with the graft inquiry. Mr. Burns discussed the great value of the American Institute of Banking to the bank men of the country and the responsibilities which rest upon bank tellers. He spoke of the work of detectives in running down check forgers and urged that bank tellers educate themselves, in a way, that they will be able to trap a forger the moment he presents himself at the window with a forged check. Mr. Burns also pleaded for a greater interest in public affairs by the bankers and bank men of the country.

Dr. Leonard, in his address, declared that bankers exert one of the most powerful influences in a

community, and that, as a rule, that influence is for good. He said the time had come when bankers, everywhere, must take an active hand in civic and moral reforms.

The committee which had the banquet in charge consisted of J. C. Norman, of the Dexter-Horton National Bank, Chairman; E. G. Norris, Scan-American Bank; Arthur T. Drew, American Savings Bank and Trust Co.; J. C. Glass, Bank of California; Roy H. B. Nelson, National Bank of Commerce, and E. K. Reiley and George R. Martin, Seattle National Bank.

The chapter will give a minstrel show at the Grand Opera House April 11th and 12th. It will be a musical production, with a chorus of seventy voices. The costumes, scenery and stage settings will be on an elaborate scale. No expense will be spared to make the show a great success. It gives promise of being one of the heaviest amateur productions ever staged on the Pacific Coast. J. C. Norman is chairman of the Executive Committee which is to have charge of the show. The other chairmen are: Roy H. B. Nelson, amusement; E. G. Norris, tickets; E. K. Reiley, program; George R. Martin, publicity.

With the annual election in April Seattle Chapter will have completed another eventful year. The permanent club rooms question has been thoroughly agitated and plans will be definitely shaped before the latter part of next summer.

The December and January meetings proved very popular and instructive. C. M. Culp, Manager of the Credit Department, National Bank of Commerce, gave an illustrated lecture on "Bank Balances" at the December meeting, which was held in the large assembly room of the Seattle Chamber of Commerce. Miss Pettitt, daughter of Benjamin W. Pettitt, of Dexter-Horton National Bank, and a former President of Seattle Chapter, rendered several piano solos and showed herself to be a very gifted pianist.

The January meeting took the form of a symposium on one of the savings bank questions: "Whether savings banks should be allowed to issue life insurance policies." The discussion was indulged in by William Crawford, Karl Hubert, D. Lyle Davis, Harry Colwell and George R. Martin. John H. Herbsman, Director of Dramatics at the University of Washington, gave several readings, and Dean Milnor Roberts made a short speech.

### TACOMA.

By V. W. Fell.

Tocoma Chapter's educational work seems to be on a firm footing from the general showing made so far this winter. The course is drawing out about twenty per cent. of the chapter membership three nights a month, and each meeting shows more of a tendency towards lively discussing of the subject treated upon during the evening. The lectures are in charge of Attorney Gordan, one of the younger leading lawyers in the city. Mr. Gordan is a University of Illinois man who graduated with the class of 1901, afterwards taking a post graduate course in economics.

The second of the regular monthly meetings which have been held under the auspices of one of the banks, was successfully carried out on the evening of the 7th, and was known as Fidelity Trust

Company night. After the regular business of the evening had been disposed of, Mr. P. C. Kauffman, vice-president of the Fidelity, and Secretary of the Washington Bankers Association, addressed the meeting under the caption "The Daybreak of Sound Currency." Mr. Kauffman traced the currency problem of our nation from the time of the civil war down to the present time, stating that some light now seemed to be breaking on the subject.

Attorney Herbert S. Griggs followed this able speaker with a jocular talk on "The Side of the Borrower."

Judging from the number out last month and the slightly better turnout this month it would seem that the idea of giving each bank a chance at conducting the regular meetings is proving a success.

### WASHINGTON.

By F. V. Grayson.

The following item appeared in the souvenir gotten out by our excursion committee in the year 1907, and we think it so good that it will bear repeating. "In the American Institute of Banking, the first person benefited is the member himself, who, by the information he obtains and the knowledge he acquires rounds the character and develops the latent ability which otherwise might be lost to himself and the banking profession at large. In improving himself he becomes a more efficient employee, and as a result, his own bank reaps immeasurably the benefits of his labor and increased knowledge. It follows that the banking interests at large will as surely feel the mystic influence. The clerks of to-day, will be the bankers of to-morrow, and in a young country like ours the banker will become more and more the leading factor in the progress towards the commercial supremacy of the world. He will be the controlling influence in mighty undertakings, and to guide them to a successful conclusion, no element in a thorough equipment for his duties can be neglected. Further, in thus improving the banking interests, the Institute's good work will permeate the whole country. Safe, conservative banking will often prevent crises, and nearly always lessen their severity. It is a safe prediction that the American Bankers Association, through the American Institute of Banking, is to-day developing and training some obscure clerk who will some day solve the financial problems and guard the banking interests of this great nation."

Those members who were present on the evening of February 2, to hear H. H. McKee, on Clearing Houses, can congratulate themselves on hearing one of the best lectures of the course. Mr. McKee handled his subject in a masterly way, showing that he has made a thorough study of this vital question.

Joseph T. Talbert, Vice-President of the National City Bank, of New York, was present with us February 9, and gave us a most enlightening talk on "Loans and Discounts." Mr. Talbert comes well versed in this most vital question and some of the things he made clear to us will remain with us as a guide for our bankers of the future. Every bank in Washington was represented in an official capacity, and the lecture was thoroughly enjoyed by those present.



"Bank Administration," by O. L. Telling, Chief of the Bureau of Reports of the Treasury, was the lecture for February 16. This was the most instructive discourse on these lines that it has been the pleasure of the members of Washington chapter to hear. The range of Mr. Telling's experience has brought him in touch with the administration of the affairs of every national bank in the United States—through personal examination of the reports to his office. The carefully prepared address of Mr. Telling, interspersed with extemporaneous remarks of a highly interesting nature were given undivided attention and made a strong appeal to those present.

The lecture for February 23, was on "Cash and Cash Reserves"—gold production and its effect upon prices, by Hon. Geo. E. Roberts, Director of the Mint. Mr. Roberts told us in most appropriate words the weakness of our present reserve system in times of financial distress. He also set forth the bearing that the production of gold had upon the high cost of living. This was a most able discourse, and being handled by such an able and practicable banker, made a profound impression on the banking fraternity of this city.

The following subjects will be printed in full for the use of those who are taking the course in "Banking and Finance," "Bank Accounting," by Edward P. Moxey; "Collections and Transits," by A. Howard Wolfe; "Clearing Houses," by H. H. McKee; "Loans and Discounts," by Joseph T. Talbert; "Bank Administration," by O. L. Telling, and "Cash and Cash Reserves—Gold Production," by Geo. E. Roberts.

The young bankers of Washington are beginning to realize that we are giving a course of lectures this year that will be of inestimable value to them in years to come, and are coming out in strong numbers to hear these extremely interesting and beneficial lectures.

The virtues and defects of the banking system of the United States were discussed by Senator Thomas H. Carter, of Montana; Speaker Joseph Cannon; Representative E. B. Vreeland, of New York, and Representative A. F. Dawson, of Iowa, at the eighth annual banquet of Washington Chapter at the Raleigh Hotel on the evening of February 25.

The concensus of opinion among the speakers was to the effect that the system was gradually being improved, and in the near future long strides would be made in banking by this country.

It was a distinguished assembly that gathered about the banquet board, including many of the most prominent men in the financial life of the District, the banquet was served at a large table arranged in the shape of a gridiron, with the toastmaster and speakers and other distinguished guests at the head. Invocation by Rev. Wm. Hart Dexter.

A. Bertram Claxton, Jr., President of the chapter, presided at the dinner. In a brief address he told of the work that has been, and is being, accomplished by the American Institute of Banking toward the development of a highly competent set of bank officials throughout the country. He introduced John Mason Brown, the toastmaster.

Mr. Brown spoke on the relation between the lawyer and the banker, which he said is extremely close, the members of the one profession being largely dependent on the other.

Senator Carter responded to "Postal Savings Banks" in his characteristic way. Time has mellowed his years with wisdom, but can not quench the fire of his oratory and convictions. He reviewed the history of the Postal Savings Bank from the date of the incipency of the institution in England up to the present time, showing its rapid growth and how it has benefited both depositors and bankers.

"The postal savings bank system, which has just been inaugurated, will prove to be one of the greatest blessings ever conferred upon the people of the United States by Congress, the body in which they rest their confidence." "I predict that in five years, more than \$500,000,000 will be deposited in the postal savings banks of this country, and that the greater portion of this vast sum will be money that has been in hiding, that otherwise would never have been brought into active circulation."

Representative Vreeland gave us some insight into "Our Banking Problems." "The American banking system is the best in the world. I regard it as the most potential factor in the phenomenal growth of this country, and believe that it constitutes more than any other thing to the firmness of the foundation on which this government stands."

"All that the system now lacks is unification. There are 25,000 banks in the United States, 7,000 of them national banks, and they all work for themselves. In time of panic, when of all times concerted effort is needed, each one of these banks seeks only after its own salvation. This should be altered, by Federal control if no other way presents itself, these banks should be united in such a way that they will all pull together in time of financial stress. It is only this way that the great financial catastrophes which have periodically paralyzed this country can be averted."

Speaker Cannon expressed satisfaction with the present banking system. "I have watched the banking system grow in the United States for many years. I would be extremely loath to destroy it when it has attained such a high standard of efficiency. The active system under which we are now operating is by far the best we have ever had."

Representative Dawson responded to the toast, "A Talk to the Boys." Mr. Dawson is a man of strong convictions and can so indelibly force his views and advice upon his audience that he makes them see their duty and obligations to the world at large. He gave a heart to heart talk that will long be remembered by those present. He sums up success, in any profession, especially banking, in just three words: "honesty, industry and grit." He said "many a man may be as honest as the day is long and never be a success, combined with industry a partial success, but add the word GRIT and he will become a success in any profession."

Justice Wendell P. Stafford, of the District Supreme Court, responded to the toast "What is it all about," but owing to the lateness of the hour his speech was somewhat curtailed.

In addition to the large number of local financiers and business men who attended the banquet many prominent chapter men from out of town were also present. Among these were President Mooney and Messrs. Cox, Handy, Adams, Broening and Hildt, of Baltimore, and President Williams and Geo. H. Keesee, of Richmond, Va.



