

JOURNAL of the AMERICAN BANKERS ASSOCIATION

ISSUED THE TENTH OF THE MONTH BY
THE ASSOCIATION

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Entered as second-class matter, May 5, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

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VOL. 6

SEPTEMBER, 1913

No. 3

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THE CHICAGO CONFERENCE OF BANKERS.

WHEN the American Bankers Association was organized in 1875 a declaration as to the objects of the Association was promulgated, which in part reads as follows:

"In order to promote the general welfare and usefulness of banks and banking institutions, and to secure uniformity of action, * * * and especially in order to secure the proper consideration of questions regarding the financial and commercial usages, customs and laws which affect the banking interests of the entire country."

In line with the purposes of the Association and to protect the vast business interests of the country, the Association was active and aided the Government very materially in its efforts to resume specie payments in 1879. This was the first great epoch in the history of the Association. The second has been the consideration of banking and currency legislation, with a view to securing a new banking and currency law that would be adapted to the immense resources and interests of the land.

The National Monetary Commission evolved a bill, known as the National Reserve Association Bill, which was introduced in Congress, but with the prospects of a national election and the other important business then pending in Congress, this bill was never acted upon. The platforms of all parties at the last election emphasized the necessity for banking and currency legislation, with the result that the party now in power has brought out the so-called "Ad-

ministration" measure which is now before our lawmakers at Washington.

The Currency Commission of the American Bankers Association, which is vested with powers to act in matters of this kind, called the recent conference which was held in Chicago August 22-23, 1913, the details of which are set forth in another article appearing in this issue of the JOURNAL-BULLETIN.

It was the most representative and important conference of bankers ever held in the United States, if not in the world. It was not a cut-and-dried affair; there was no prearranged program or even discussions, but the conference was left free and open action, giving every delegate in attendance an unrestricted opportunity to express his opinion as to the proposed legislation.

The result of the deliberations at Chicago was the unanimous adoption of the report of the Committee on Resolutions and its recommendations as to the necessary changes in the bill before Congress. It was not an antagonistic gathering. The spirit was conciliatory, and advised co-operation with the Administration with a view to bringing out a satisfactory measure.

The press of the country, realizing the importance of this conference and this movement, was most generous in its treatment of the subject, and probably no one question in the mind of the people has received more unstinted and general publicity than that given in the press on this occasion.

The findings of the conference were submitted to the proper authorities at Washington by an able special committee appointed for that purpose. F.

REVISION OF THE CONSTITUTION.

THE first convention of the American Bankers Association was held at Saratoga Springs, July 20, 1875. A temporary organization was formed, a committee on permanent organization was appointed, and a committee was also appointed to submit at the next meeting a plan of an organization embodying a Constitution and By-Laws.

The second convention of the Association was held in the city of Philadelphia, and on October 4, 1876, the Declaration, Constitution and By-Laws of the American Bankers Association were adopted, the Constitution then adopted being in its main features somewhat similar to the Constitution of to-day, although, of course, much shorter and containing less provisions.

Since 1876, at almost every succeeding convention, there have been amendments to the original Constitution, but there does not seem to have been any general revision during the thirty-eight years of the life of the Association.

The Constitution as it stands to-day is something of a patchwork. There have been many desirable amendments which have been brought about by the growth of the Association and the demand for a larger and fuller representation on its Executive Council. Pending the work of the Committee on Constitutional Revision appointed at the Detroit Convention in September, 1912, the General Secretary had a compilation made of the Constitution and its various amendments since 1876. This compilation comprises 156 pages of typewritten copy, with an index of 23 pages.

The work of this committee is now completed, and a full draft will be found in another section of this month's JOURNAL-BULLETIN. It is not a series of amendments, but a full revision of the Constitution and By-Laws from the Declaration (which was allowed to stand as in the old Constitution) to the end of the By-Laws. It is a comprehensive work and reflects great credit on the committee. Its continuity will be observed, and every provision is in its logical place and under the proper title. While in some respects its provisions are a radical change from some of the administrative details now in vogue, in its fundamental features it recognizes a proper basis of representation. The preparation of this Constitution, its arrangement and legal verbiage, emanate largely from the legal mind of the able chairman of the committee, Robert E. James, of Easton, Pennsylvania, who has given months of study to the subject and who has had the most hearty co-operation of his committee in all phases of the work. The other members of the committee are as follows:

W. J. Bailey, Atchison, Kansas,
O. E. Dunlap, Waxahachie, Texas,
C. H. McNider, Mason City, Iowa,
Gordon Jones, Denver, Colorado,
Sol. Wexler, New Orleans, Louisiana.

The Boston Convention will have placed before it for its consideration what seems to be a perfect document, viewed as a legal and literary production. Whether or not the delegates fully agree with the committee as to many of the proposed changes in this Constitution over the old one it will be for them to decide. Without question, however, the special committee having charge of the work had only the best interests of the Association at heart in the preparation of the draft.

PERSONAL.

THE many friends of Robert E. James, Chairman of the Committee on Constitutional Revision, will be glad to know that he is steadily improving. He has been ill for some time and a few weeks ago underwent an operation in a hospital at Bethlehem, Pennsylvania. Reports are that he is now able to sit up, and it is confidently expected and hoped that he will be well enough to attend the Boston Convention and make the report of his committee as its Chairman.

OUR FINANCES.

THE fiscal year of the Association ends August 31st. As we go to press the books are balanced for the year and will show the Association in a most excellent condition.

Some three or four years ago the expenditures for the Protective Department under the former detective agency were much larger than at the present time, even with the increased membership. This created a shortage at the end of the year, and the bills for the closing months of each year since were carried over to the new year. These features in the present annual statement will be eliminated. All bills against the Association to the end of the fiscal year have been obtained and paid. There will be no hold-over accounts. The Association will show a clean slate and with a balance in the treasury of over five thousand dollars.

Commencing the new year with a membership of 14,100, the drafts sent out for collection aggregate \$15,000 more than a year ago. This is a gratifying condition and will be appreciated by the entire membership. It will enable the Executive Council to extend the work and usefulness of the Association, if occasion should arise to do so.

MEMBERSHIP DUES FOR FISCAL YEAR 1913-14.

MEMBERS' attention is called to the article on page 80 of the August JOURNAL-BULLETIN relating to drafts drawn as of September 1, 1913, through our Treasurer, Mr. J. Fletcher Farrell, of the Fort Dearborn National Bank, Chicago, Ill.

We trust that these drafts will be promptly honored and thus avoid unnecessary delay and correspondence which will otherwise ensue. The compliance with this request will be very much appreciated.

CIPHER CODE COMMITTEE.

THE Cipher Code Committee of the American Bankers Association held a session at the Association offices on August 23, 1913. There were present James M. Donald, of New York, chairman; John R. Washburn, of Chicago, and A. H. Titus, of New York. A. C. Andrews, of New York, the fourth member of the committee, was prevented from attendance by reason of absence from the city.

The first telegraphic cipher code of the American Bankers Association was issued in 1905. The second cipher code was issued in 1908, and was, of course, a great improvement on the first code. The edition of the code now in use has been exhausted, and it seemed to the Executive Council advisable that, inasmuch as the preparation of a new edition would be necessary in order to take care of new members, it would be better to prepare a new code, embodying such improvements as should be found desirable and have been suggested from time to time by the members of the Association.

The Cipher Code Committee at its meeting authorized the preparation of a new edition of 13,000, and directed that the code should consist of 10,000 ciphers if necessary, 1,000 of which are to be without phrases. The ciphers are to be English words. The work is to be immediately undertaken, bids secured and a contract let. Other details in connection with the code were decided upon by the committee, and as they arise from time to time they are to be submitted to the committee.

It is the determination of the Cipher Code Committee to prepare as good a code as it is possible to get out for the use of our members. The use of the present code has been increasing enormously, and the members of the Association now find it an important part of Association facilities.

The General Secretary would be glad to have suggestions from members regarding desirable changes which might be made in the present code.

BANKING AND CURRENCY LEGISLATION. CONFERENCE AT CHICAGO.

THE importance of pending banking and currency legislation at Washington embodied in the so-called "Administration Bill," which contained features which were inimical to the best interests of banking and commercial pursuits, impelled the Currency Commission of the American Bankers Association to call a conference at Chicago. Invitations were sent by the Currency Commission to the presidents of forty-seven State Bankers Associations and to the presidents of one hundred and ninety-one City Clearing Houses.

The meeting was held at the La Salle Hotel, August 22 and 23, 1913, and was open to the press and the general public. There were present some three hundred bankers, representing 37 States and 113 cities, the Southern and Western States predominating. A number of bankers reached Chicago on the evening of August 21st.

The session was called to order at 10 o'clock a. m., August 22d, by A. Barton Hepburn, Chairman of the Currency Commission, who delivered the following address:

ADDRESS OF A. BARTON HEPBURN.

"A banking and currency bill is pending in Congress. It is comprehensive in its character, and the changes which it contemplates from existing law are pronounced. We are informed through the press that it is the purpose of the administration to pass this measure at the present special session of Congress. No public hearings have been held at this session. The bill has been referred to a caucus, public hearings are necessarily precluded, and we may fairly assume that the bill has reached the form in which it is intended to enact the same into law. It would seem to be the duty of bankers, in justice to themselves, to the public whom they represent, and to the stockholders by whom they are employed, to give at the present time public expression to their opinions in regard to the pending measure.

The members of the Currency Commission of the American Bankers Association felt that the responsibility of bringing about such a meeting devolved upon them, hence the call for this meeting and our mutual presence.

The Administration.

The earnestness with which the administration has taken up the question is worthy of high praise; the natural difficulties of the subject and the many obstacles encountered render the task of accomplishing legislation very great, and our attitude is and should be one of helpfulness, not hindrance.

It has been said that there are four subjects which all men know all about, and you cannot tell them anything—women and wine, horses and finance. Most men have pronounced views upon money questions, and the difficulty of concerted action is proportionately great.

Features of Bill.

The proposed banking and currency law contains many commendable provisions, and recognizes valuable principles. It creates a central bank, it establishes branch banking, it recognizes bank assets, in the form of commercial paper, as the normal and proper basis for bank currency, it provides for keeping the current funds of the United States in current use, instead of locking the surplus up in the Sub-Treasuries whenever the income from taxation exceeds government expenditures. At the present moment we have an illustration, since the Secretary of the Treasury is now putting back into the channels of trade money which the excess of taxation over expenditures has withdrawn from business—an attempt to restore a normal condition and to offset the stringency created by such tax absorption. The Secretary, too, acting strictly within the law, recognizes bank assets as the proper security for government deposits.

Those of us who have long contended for a central bank and the other principles above mentioned, may rejoice that this measure, approved by the administration, recognizes the truth of these principles and believes in the necessity of their embodiment into law.

While there is reason to rejoice that the force of sound principles has been recognized, we must regret that the measure only partly embodies these principles. While a central authority is created, with more power than we would have expected the government to give to a central bank, the measure stops short of providing for full benefits by creating twelve regional banks. It is true that these twelve banks are centralized by being placed under the control and management of a Federal Reserve Board of seven members to be appointed by the President with the advice and consent of the Senate, but the consolidation of reserves which should be the true aim in creating a central bank, is inadequately accomplished by the creation of these twelve separate institutions.

It is wisely provided that the activities of these regional banks may be extended by establishing branches whenever need be, providing only that the number of branches shall not exceed one for every \$500,000 of capital of the Federal Reserve Bank of which the branch is a part. It is provided that these twelve regional banks may classify loans, fix and publish rates of interest thereon, subject to the approval of the Federal Reserve Board. The Federal Reserve Board may require one regional bank to make loans to another regional bank. Regional banks may borrow United States Treasury notes through the Federal Reserve Board to any amount, within the discretion of that Board. In doing that, the regional bank deposits with the Federal Reserve Board, in the person of its agents, approved commercial paper to the amount of notes it requires. It parts with its receivables to get the Treasury notes. When they are obtained they are not an asset, but a liability, since the regional bank must redeem them and must maintain thirty-three and one-third per cent. reserve in lawful money against the notes outstanding, to provide for prompt redemption.

One Central Bank Better Than Twelve.

The measure recognizes and adopts the principles of a central bank. Indeed, if it works out as the sponsors of the law hope, it will make all incorporated banks together, joint owners of a central, dominating power. Why then should not the principle, once recognized, be correctly applied? Why should not the law create one central bank, which should have branches wherever there is commercial need for them? Such a plan would be simpler, less cumbersome, and more certain in operation, and far more efficient. There would then be no need to give the Federal Reserve Board authority to direct one section of the country to loan money to another, for the central authority would then control all the deposits and all the loans, and they would make loans to those sections of the country where most needed. There would then be no need to authorize the apportionment of United States Treasury deposits to different sections of the country. Those deposits would then be in one central bank and would flow naturally to that section of the country that needed them.

As matters stand to-day, whenever stringency in the money market exists, our twenty-five thousand banks begin competing with each other to strengthen their cash reserves. In doing so, they intensify the stringency and aggravate the trouble. The disposition of bank managers to strengthen their individual institution is natural and inevitable. In viewing the proposed legislation, one of the most natural questions then is whether the establishment of these regional reserve banks will remedy or aggravate that condition. Will there not naturally and inevitably be competition between the regional reserve banks, competition between the twelve sections of the country, and may we not in the end have competition for cash holdings, between individual banks added to the competition of section against section, reserve bank against reserve bank? The framers of the measure evidently recognize that danger and seek to palliate

it by giving to the Federal Reserve Board the authority to force one reserve bank to loan to another. Under the conditions that would exist, would not the exercise of that authority fail to accomplish the just distribution of funds? Is there not strong probability that in exercising that authority factors would be created that would endanger the smooth working and permanence of the whole plan?

With a single central reserve bank, with branches, reserve money of all the banks deposited with that central institution would count in the aggregate, no matter with which bank it was deposited, or through which branch it was loaned. With such a single central bank, the controlling board might place its reserves in the section of the country where most needed. This shifting of funds would be accomplished without ostentation and without notoriety, whereas if a Federal board should require, as it might do, under this proposed law, one Federal reserve bank to loan money to another Federal reserve bank, that could not be done without attracting attention to the borrowing locality in a way that would operate to the prejudice of that locality. On the other hand, how simply, easily and naturally this apportionment of funds would be made to fit the requirements of different localities through the operation of one central bank with branches.

In the proposed law, the country is divided into twelve zones, each to have a separate Federal reserve bank, and all to be under the general control of the Federal Reserve Board. That Board is to consist of seven members—the Secretary of the Treasury, Secretary of Agriculture, Comptroller of the Currency, and four others to be appointed by the President and Senate, one of whom shall have had banking experience. This Federal Reserve Board will have power to issue Treasury notes in the form of money to the Federal reserve banks, upon the segregation of specified current assets of such banks as security. In addition to parting with its assets to an amount equal to the notes received, a Federal reserve bank will have to maintain a thirty-three and one-third per cent. reserve against such notes. The redemption of these notes becomes further a prior lien upon all the assets of the Federal reserve banks to which they will have been issued. The seven men constituting the Federal Reserve Board will have the power to decide whether the reserve banks may obtain the notes, or in their discretion to refuse them. The original limitation of \$500,000,000 on such notes has been removed, and it is evidently contemplated to have these Treasury notes supplant, within a period of twenty years, not only the National Bank Notes outstanding, but seemingly to supply a currency which will circulate in place of the gold certificates and the present so-called "greenbacks" as well. In fact, to take the place of all forms of money we now have, save gold and silver coin and silver certificates. When this purpose is accomplished the volume of Treasury notes outstanding will be very large.

Why Not Federal Reserve Bank Alone Responsible for Redemption of Note Issues?

After a Federal reserve bank puts out notes which it has obtained from the government, these notes become a first lien on all the assets of the bank, inclusive of the equal amount of commercial paper which has been segregated to secure them, and they are protected by thirty-three and one-third per cent. cash reserve. This would certainly seem to make the notes good without the obligation of the government, and it also raises the question of what justification there can be for adding to the security which the bank offers, the obligation of the United States government. There would seem to be ample security within the Federal bank itself for the retirement of any notes which it may put out. Why, then, should not the full responsibility for the note's redemption be upon the Federal banks alone? Why create a situation under which the credit of the government may at some time in the future be called in question?

The government is to deposit its current account with these Federal reserve banks. All income from

whatever source derived is to be apportioned among the reserve banks, and they will be called upon to meet the government's drafts for all its expenditures. The reserve banks will also have to respond to reserve demands of all member banks, and they will also be called upon to meet discount demands to such extent as they are able to grant loans. At the present time, with an ample gold stock, and with the income of the government largely in excess of its expenditures, there would be no difficulty in meeting such current demands, but whenever the international balance of trade is against us, and we are compelled to make settlement by exporting shipments of gold (a general crop failure in any one year might produce such a result), or whenever the government's income is less than its expenditures, the reserves of these Federal reserve banks may be reduced to the lowest point of safety, if indeed, they are not treasured upon. In the opinion of some, the pending revision of the tariff may result in government income being brought below expenditures. A possible war might easily do the same thing. In the event of any condition arising which would bring the reserves in the Federal reserve banks to a point that warranted any criticism, the credit of the government itself would then be called in question; that is to say, the ability and purpose of the government to redeem all notes in gold upon presentation. The government had exactly this experience in the second term of Grover Cleveland as President. It required four bond issues under his administration, made with the avowed purpose of obtaining gold, in order to maintain the credit of the government, by the prompt redemption of the Treasury notes, commonly called greenbacks. At that time there were less than \$350,000,000 of those notes outstanding, but it is now proposed to add a very large amount to the total of demand Treasury obligations, for which the government would be responsible. During the Cleveland administration a quasi panic or money stringency accompanied each bond issue, together with confusion to business and loss to both capital and labor. Should the proposed policy of Treasury notes be adopted and the obligations of the government immediately redeemable in gold be so largely increased, there would be every reason to apprehend, under a similar set of circumstances, a repetition of our experiences in 1893 and 1897. Whenever, for any reason, there was a shortage in government revenue, as compared with expenditure, or a drain on the Federal reserve banks; that is, reverses through adverse trade balances, or otherwise, difficulties might be expected to arise which would be similar to those which forced the government to issue bonds to maintain its redemptions. Under such circumstances the government's only resources to meet the demands for prompt gold redemption of notes are the slow and cumbersome taxation process, or borrowing in the open market, which is simply taxation deferred, and is also too slow and cumbersome for the purpose of satisfactorily realizing funds to meet demand gold obligations.

The government should unquestionably coin and furnish metal money. That is, the money of ultimate redemption, but the experience of the world proves that paper currency, redeemable in metal money, may better be furnished through a bank like the Bank of France or the Reichsbank of Germany, separately incorporated, under strict government control, or regulation, but possessing current assets which have an everyday market, at a price, and upon which it may at any time, if need be, realize. Any condition that calls into question the credit of the government imperils the credit of all business being carried on under the government. This provision making the government responsible for the notes which the banks are to issue is fundamentally wrong. It violates the principles of economics and contravenes the experience of the great commercial nations. We are told that the present government refuses even to debate this question, that Treasury notes, paper currency in the form of Treasury demand obligations, are a *sine qua non*. Even though the government takes the position that the question is not debatable, we owe it to the public, and we owe it to ourselves as bankers and economists to place on record our criticism, and to state our belief that such a policy will inevitably

invite future disaster and cause general business embarrassment.

Reserves.

The undoubted effect of the bill as to reserves will be the reverse of that which would result from the establishment of a single central reserve bank. Certain percentages of the reserves are required under the bill to be deposited in twelve regional reserve banks; they will thereby be demobilized, decentralized; withdrawn from the natural commercial centers and scattered throughout the country in violation of the principles established by experience and by sound reason. The reserve money of the country should, if it is to be effective as a reserve, be concentrated, that it may be used in any part of the country where the need is greatest in order to protect and promote the interests of the country as a whole. One bank with branches would afford the best instrumentality for accomplishing this result.

Under the present practice that portion of the reserves of country banks deposited with their reserve agents not only serves the reserve requirement, but furnishes balances which satisfy the exchange demands of the depositing bank's customers, and also establishes a borrowing credit for the depositing bank. The necessity of providing for this exchange demand and borrowing power will remain under the new system, but will have to be supplied with other funds than those constituting the reserves. Borrowing for general commercial purposes must still be carried on, and borrowing credit maintained with correspondent banks. It will thus be seen that the requirement of the new measure that certain amounts must be kept with the new regional reserve banks purely as reserves will curtail the loaning power of the subscribing banks.

Resources of Federal Reserve Banks.

The resources of the Federal reserve banks are to be supplied nearly in their entirety by the subscribing banks. They are to be permitted to borrow back a portion of these resources, mainly for the purpose of rehabilitating their reserves, but not for the purpose of extending credit or of establishing the basis of borrowing for commercial purposes.

The resources of the Federal reserve banks with which they may do business will be made up. (a) of the capital turned over to them by the national banks. Should practically all such banks join the system, the amount would aggregate one hundred million dollars; (b) the reserve deposits required to be made by member banks, which, in case all national banks should join, would be presently, in round numbers, between four and five hundred million dollars; and (c) the deposits of the United States Government. These deposits are now largely in the banks and subject to the service of commerce and trade, at the same time paying interest to the government. These three sources of funds comprise the entire banking power which the regional reserve banks will possess, and with which they can do business, except in so far as they may make loans, the proceeds payable in the Treasury notes which the bill provides. These Treasury notes will be a new instrument of credit introduced into the channels of trade. This will mean inflation—legitimate inflation—I do not use the word offensively.

Advantages of Proposed System.

The question arises here as to just what may be the advantages of the proposed new system which may be regarded as inducements, which would lead the banks to go into it. They are difficult to find, and seem to be of a distinctly negative character. The banks are required to furnish the resources to place the Federal reserve banks in funds with which to do business. So far as this business is supplemental and helpful to the banks and to the community generally, it is good; but so far as the regional reserve banks are competitors with the banks for business, is it not going too far to compel the banks to contribute one-fifth of their capital in order to create competition? Is there any reason why the banks should furnish this capital any more than any

other industry? Is it not fair to ask why the people as a whole through the United States Treasury should not furnish the capital for these new banking institutions? In that event the management and ownership would be coincident, and its powers and the responsibility for its management would be lodged in the same hands.

Bank Control.

The management of the Federal reserve banks is placed in the hands of nine directors for each bank—three selected by the banks and being bankers; three selected by the banks, being representative business men, subject to the approval of the Federal Reserve Board; the three remaining directors are to be appointed by the Federal Reserve Board, who also designate the manager or chairman of the Board of each Federal reserve bank, his powers and duties corresponding to those of the president of a banking corporation as it now exists. Thus the government absolutely dominates and controls all these situations: one-third of each Federal reserve bank board consists of bankers; one of the seven members constituting the Federal Reserve Board must be a banker. In other words, the men whose training and experience would seem to qualify them for the administration of these respective boards are discriminated against and kept in the minority. Banks are obliged to furnish the capital; they are deprived of even proximate control.

The bill reported by the National Monetary Commission permitted banks to subscribe to the capital of the Central Reserve Association which it provided for. It permitted; it did not compel them to subscribe. The National Monetary Commission Bill gave the management of the bank's activities to bankers, under strict governmental control and regulation. This was a guarantee against political domination, and also, what is quite as important, a guarantee against incompetent management.

Credit Control.

Not only does the bill provide for regulating and controlling the currency, but it provides machinery through the operation of which the credit of the country will be regulated.

The Federal Reserve Board fixes the rate of interest or taxation upon note issues a controlling power in respect to credit.

The Federal reserve banks are required to fix the rates to be charged upon loans and discounts. Although these banks can loan to none but member banks, and may not be in funds to loan to them, yet they are required to fix and publish the rate of discount. The Bank of England, the Bank of France and the Reichsbank of Germany advertise their rates, but they stand ready at all times to make loans according to the rate advertised, and are not restricted as to whom they may loan. If their funds are limited and they wish to protect themselves against the demand for loans, they do so by raising the rate.

Bank Investments.

It is usual and proper for the government to forbid banks to make certain classes of investments, and to define the limitations within which they may invest their funds, but to specifically direct certain investments (as, for instance, directing all banks to invest twenty per cent. of their capital in the Federal reserve bank stock, and directing one regional bank to loan to another regional bank), is an invasion of the field of credit and is something no other nation has ever done. No such power has heretofore been conferred upon any central bank. If the government may direct the disposition of a bank's resources to a limited extent it may direct the disposition of a bank's resources in their entirety.

Mortgage Loans.

Section 25 allows country banks to loan upon farm lands. One great need of the country is mortgage or land credit banks, but should they not be separately organized and separately managed institutions? There is nothing better or safer than good real estate

loans, but from their nature they are slow, or long-time loans, while commercial banks, as to the great bulk of their assets, deal in short-time obligations, measured by the duration of the usual merchants' notes. Legislatures should be very solicitous not to change the liquid character of a commercial bank's assets.

Savings Banks.

Section 27 authorizes national banks to organize savings bank departments, with a different reserve and a different character of investments, and authorizes them to require sixty days' notice of withdrawal of funds. How long could a bank pay checks at the commercial end of its counter and refuse payment of checks at the savings bank end and continue to keep its doors open?

Over 3,300 of the 7,440 National banks reported to the Comptroller under last call that they were doing a savings bank business. I am not aware that their general business is endangered by the savings bank feature as at present conducted or that trouble has been precipitated by such practice. If compelled to apportion capital and reserve to their savings bank business as proposed in this bill, may it not induce them to give up that class of business? Is that the purpose? In sparsely settled communities, where no savings banks exist, they are now performing a valuable service.

The pending measure in all its original stages required the reserve therein provided for to be maintained in gold. The perfected measure provides for reserves in gold "or lawful money." Is the purpose of the measure to perpetuate the Treasury notes, commonly called greenbacks? All of the great commercial nations of the world are upon a gold basis, and for the United States to authorize anything as a lawful reserve except gold will be a step backward indeed.

There are many other most important features of the Glass-Owen bill, and I think we should consider the bill topic by topic, or section by section, in the spirit of helpful co-operation, and see if we cannot aid the government to accomplish wise and wholesome legislation that will place our industries and our people on a par with other great commercial nations."

At the close of Chairman Hepburn's address he announced that no program had been arranged; that the conference was entirely in the hands of those in attendance, and that it was proposed and desired to have a full discussion of the questions involved, in which every delegate would be welcome to take part. He then called upon George M. Reynolds, of Chicago, to open the debate. At the conclusion of Mr. Reynolds' remarks, Chairman Hepburn announced that he had asked James B. Forgan, of Chicago, to prepare a paper in the form of resolutions, which would bring up fully all the questions for discussion. Mr. Forgan then submitted a series of resolutions, which were referred to the Committee on Resolutions, to be appointed later.

A general discussion then followed, with several addresses by those most familiar with the proposed bill, and it was evident from the remarks of those who took part that deep study had been given to the subject.

It was decided by the conference to appoint a Committee on Resolutions, and that all resolutions submitted by delegates to the conference, after a free discussion, be referred to that committee.

In order that the fullest freedom might be given the delegates present in the way of representation on the Committee on Resolutions, a motion was made and carried that at the close of the morning session the Currency Commission meet and select five members of the committee; that the State Bankers Associations represented meet separately and apart from the main conference, and that the Clearing Houses present also meet separately and apart, and that each of these sections, as segregated, select five members of the committee.

George H. Russel, President of the Detroit Clearing House Association, was asked to call the Clearing House Division to order and preside at its meeting.

Nathan Adams, President of the Texas Bankers Association, was named to call the State Bankers Division together and act as chairman of the same.

The morning session then adjourned, and the delegates were entertained by the Clearing House Association of Chicago at an elaborate buffet luncheon in the Hotel La Salle roof garden.

AFTERNOON SESSION.

The afternoon session was called to order at 2.30 o'clock, every delegate being in his seat. The reports on the selection of the members of the Committee on Resolutions were made by the respective chairmen as follows:

Representing the Currency Commission:

James B. Forgan, of Chicago, Ill., Chairman of the Committee;

George M. Reynolds, of Chicago, Ill.;

John Perrin, of Los Angeles, Calif.;

Sol. Wexler, of New Orleans, La.

A. Barton Hepburn, of New York City, Chairman of the Currency Commission.

Representing the Clearing House Associations:

E. F. Swinney, of Kansas City, Mo.;

R. F. Maddox, of Atlanta, Ga.;

Stoddard Jess, of Los Angeles, Calif.;

S. D. Fitton, of Hamilton, Ohio.;

Graham G. Lacy, of St. Joseph, Mo.

Representing the State Bankers Associations:

E. J. Hill, of Norwalk, Conn.;

Nathan Adams, of Dallas, Texas.;

George A. Holderness, of Tarboro, N. C.;

H. A. Moehlenpach, of Clinton, Wis.;

R. S. Hawes, of St. Louis, Mo.

The Committee on Resolutions immediately began its sessions in one of the committee rooms supplied for that purpose.

Chairman Hepburn, who remained to preside over the conference, then asked for resolutions which any delegates might desire to present to the Committee on Resolutions.

The afternoon session was given up to a general discussion and debate, interspersed with numerous strong addresses on the so-called Owen-Glass bill, and adjourned at 5 o'clock.

At 6.30 o'clock, in the Palm Room of the Hotel La Salle, a banquet was served the banker guests by the Clearing House Association of Chicago, there being present at this banquet representatives of every clearing house bank of Chicago. The banquet was entirely informal and very enjoyable. At the end of the banquet proper the Committee on Resolutions retired to continue their work. Mr. L. A. Goddard, President of the State Bank of Chicago, was selected by the Chicago bankers to act as toastmaster for the evening. Mr. Goddard filled this position most excellently well. There were nine short talks by ex-presidents of the American Bankers Association and other prominent bankers. The talks were not of a deliberate nature and little reference was made to business matters. Good stories were told, and the affair was carried out as it was intended to be—a relaxation from the serious work of the conference. At the close of the festivities a vote of thanks was offered by Mr. N. E. Franklin, of Deadwood, South Dakota, to the Clearing House banks of Chicago, for their hospitality. This motion was put by General Secretary Farnsworth and was carried unanimously.

SATURDAY, AUGUST 23.

The conference was called to order at 9.30 o'clock a. m., Chairman Hepburn presiding. The Committee on Resolutions notified the conference that they were not yet ready to report. The conference then took up a further discussion of the proposed legislation. The morning session adjourned at 12.30 o'clock to meet at 1.30 o'clock in the afternoon, at which time it was stated the committee would be ready to submit their report.

AFTERNOON SESSION.

At the afternoon session Chairman James B. Forgan, of the Committee on Resolutions, submitted

its report. Each delegate present was supplied with a copy of the pending bill as reported by the Democratic members of the House Committee on Banking and Currency to the Democratic Caucus at Washington. The bill was read paragraph by paragraph, and the recommendations of the Committee on Resolutions were also read in conjunction with the suggested changes in the bill. Each paragraph was acted upon separately and a full opportunity for discussion was given, with the result that the recommendations as to each paragraph were passed unanimously, and on the completion of the reading the resolutions and the recommendations as a whole were passed unanimously by a rising vote.

The preamble, resolutions and recommendations as passed by the conference are as follows:

The Currency Commission of the American Bankers Association, charged with the duty of endeavoring to secure remedial banking legislation, and regarding the banking measure now pending in Congress as evidencing the earnest wish of the Administration to give a wise law to the country, has profoundly desired to co-operate in every way. To this end, upon its invitation that the presidents of the forty-seven State Bankers' Associations and that representatives of the one hundred and ninety-one Clearing Houses attend and unite in an expression, this joint body, composed of bankers from every section of the South and North, from coast to coast, representing country and city banks, State and national, and trust companies, after carefully considering the bill, has adopted the following:

Whereas, We recognize the imperative necessity of incorporating into the banking and currency system of this country those proven principles which will provide the most ample credit facilities with greatest safety, and a currency based on gold which automatically adjusts its volume to trade requirements, in order that the highest stability may be attained for our commerce, thereby assuring continuity of employment for the laborer and favorable markets for the producer—the fundamental basis of general prosperity; and

Whereas, Although the pending measure has many excellent features, and recognizes certain principles fundamental in any scientific banking system, yet it is believed that the application of those principles may in certain respects be made in ways that will more surely avoid a credit disturbance and more efficiently attain the desired benefits for the whole people; and

Whereas, We believe that to insure the successful operation of a new banking law it must be of such a character as to warrant a general acceptance of its provisions by existing banking institutions, both State and national, country and city, since the final test of the measure of success must be the strength and power for efficiently serving the interests of the entire country, which can alone be had from general participation of banks of all classes; and believing that the bill as now drawn will, by its onerous provisions, prevent State banks and many national banks from joining the system, and earnestly desiring to co-operate with the Administration in bringing about the adoption of the most highly efficient plan; therefore

Be it resolved, That we recommend the following changes in the bill as now published, convinced that, while not rendering the plan ideal, these changes would render organization more probable, would avoid a credit disturbance, and provide a system that would gradually develop into a great bulwark for the protection of our whole commerce, benefiting alike, and in equal measure, the laborer, the farmer and the business man.

The principal changes to the currency bill now before Congress recommended and unanimously endorsed by the conference at Chicago are as follows:

1. National banks located within the district of any given Federal Reserve Bank may subscribe 10 per cent. of their unimpaired capital, one-half in cash and one-half subject to call on sixty days' notice. (The Congressional bill provided for 20 per cent. sub-

scriptions, with the term "shall be required" following the provisions of the subscription.)

2. The three members designated as "Class C" of the directorate of each Federal Reserve Bank must be residents of the district in which the bank is located. (The Congressional bill made no provision for the residence of Class C directors.)

3. The paragraph of the Congressional bill providing for the removal of Class B directors of Federal Reserve Banks when apparent that such directors fail to fairly represent the commercial, agricultural or industrial interests of the district was stricken out entirely.

4. The power of the chairman of the organization committee of any reserve bank is curtailed. The committee as a whole must act in calling meetings during organization periods. (The Congressional bill left the calling of meetings during organization in the hands of the chairman.)

5. Provision is made for the removal of the federal reserve agent through action of the federal reserve board. (The Congressional bill provided for the removal instead of the chairman of the board of directors of any federal reserve bank.)

Increase of Capital in All National Banks Cut in Half.

6. Increase of capital in a national bank located in a federal reserve district shall be equalized by a 10 per cent. increase of the national banks' subscription to the federal reserve bank, paying half the increase in cash and the remainder in call notes on sixty days' notice. (The Congressional bill provided for 20 per cent. subscriptions to the reserve bank by national banks increasing their stock.)

7. The dividend to be paid to national bank shareholders of the federal reserve banks annually after payment of necessary expenses of the reserve bank shall be 6 per cent. (The Congressional bill provided for a 5 per cent. dividend to the national bank subscribers.)

8. Any national banking association heretofore organized can at any time, on approval of the Comptroller of the Currency, secure the same rights as banking associations organized after the passage of the bill. (The Congressional bill provided that unless existing banking organizations conform to the rules of the bill within one year such organizations automatically dissolve themselves.)

9. State banks, asking for shares in any Federal Reserve Bank, may make application to the Reserve Bank's organization committee. (The Congressional bill provided that State banks could be admitted as shareholders of a Federal Reserve Bank only on permission of the Federal Reserve Board.)

Want Three Bankers to Be Members of Reserve Board.

10. The organization of the Federal Reserve Board shall consist of the Secretary of the Treasury, ex-officio, of three members chosen by the President with the consent of the Senate, and of three members elected by the directors of the Federal Reserve Banks. The six members, exclusive of the Secretary of the Treasury, to receive annual salaries of \$10,000 and traveling expenses. (The Federal Reserve Board provided in the Congressional bill was to consist of the Secretary of the Treasury, the Comptroller of the Currency and four members chosen by the President. Salaries of members were fixed at \$10,000 a year and traveling expenses, with a salary of \$5,000 a year for the Comptroller in addition to his recompense for that position.)

11. Federal Reserve Banks can, at their own volition, rediscount discounted prime paper of other Federal Reserve Banks. (The Congressional bill made the rediscounting clause mandatory.)

12. There shall be no Federal Advisory Council. (The Congressional bill provided for a Federal Advisory Council of one member for each Federal Reserve district, to meet quarterly in Washington for conference with the Federal Reserve Board in connec-

tion with the general district reserve banking business.)

13. State, county, District or municipality bonds cannot be dealt in by any Federal Reserve Bank. (The Congressional bill provided that such bonds could be bought and sold in the open market by Federal Reserve Banks.)

Urge That Federal Reserve Banks Issue Own Notes.

14. Federal Reserve bank notes to be issued by permission of the Federal Reserve Board by Federal Reserve banks are hereby authorized; the said notes shall be obligations of the Federal Reserve banks of issue and shall be receivable by all national and Federal Reserve banks and for all taxes, customs and other public dues. They shall be redeemed in gold on demand by the bank of issue. Any Federal Reserve bank upon vote of its directors and within a limit prescribed by the Federal Reserve Board may issue such amount of the notes hereinbefore provided for as it may deem best. Whenever any Federal Reserve bank shall pay out Federal Reserve bank notes issued by it as hereinbefore provided it shall segregate in its own vaults and shall carry to a special reserve account on its books gold equal in amount to 40 per centum of the Federal Reserve bank notes so paid out by it, such reserve to be used for the redemption of said Federal Reserve bank notes, but any Federal Reserve bank so using any part of said reserve to redeem notes shall immediately carry to said reserve account an amount of gold sufficient to make said reserve equal to 40 per centum of its outstanding Federal Reserve bank notes, except as herein provided. The full amount of such note issues by each of said banks shall at all times be covered by discounted paper or foreign bills of exchange held by such banks under the provisions of this act; however, nothing herein provided shall prevent an exchange of said Federal Reserve bank notes for gold of equal amount of the issue of said Federal Reserve bank notes for the purchase of a like amount of gold. Notes so paid out shall bear upon their faces the name of the issuing bank. Whenever the gold reserve is 40 per centum or more such notes may be issued without tax; whenever such reserve shall fall below 40 per centum and shall be between 37 1/2 per centum and 40 per centum, such deficiency of reserve shall bear a tax of interest at the rate of 1 1/2 per centum per annum and for each 2 1/2 per centum or part thereof of further reduction of reserve an additional tax of interest at the rate of 1 1/2 per centum per annum on such deficiency of reserve shall be paid into the Treasury of the United States; and whenever and while such reserve shall be reduced to 33 1/3 per centum of such outstanding notes no further issue of such notes shall be made. (The Congressional bill provided that the authorized Federal Reserve bank notes be obligations of the United States; such notes to be redeemed in gold at the Treasury in Washington; that such notes must be secured through the local Federal Reserve agent; that the bank securing such notes must carry 33 1/3 per cent. in gold of the total amount of such notes; and, finally, that the Treasury can require a 5 per cent. gold bullion deposit to secure interest payments should the Reserve Banks' supply of gold bullion at any time fall below the prescribed 33 1/3 per cent.)

Amendment Provides for Smaller Bank Reserves.

15. The Federal Reserve amendment provides that: It shall be the duty of all member banks to maintain reserves, as hereinafter stated, against all demand deposits, which shall include time deposits maturing within forty-five days, to wit: Country banks, 12 per cent.; Reserve city banks, 18 per cent.; Central Reserve city banks, 20 per cent. In the case of a country bank such reserve shall consist of not less than 4 per centum of lawful money in its vault, and not less than 4 per centum with its district Federal Reserve bank; 4 per cent. may consist of balances due from reserve agents approved by the Comptroller of the Currency. In the case of a reserve city bank, such reserve shall consist of not less than 6 per centum lawful money in its vault and not less

than 6 per centum with its district Federal Reserve bank. Six per centum may consist of balances due from reserve agents approved by the Comptroller of the Currency. In the case of a central reserve city bank, such reserve shall consist of not less than 10 per centum lawful money in its vaults and not less than 10 per centum with its district Federal Reserve bank. Provided, that when the date is set by the Secretary of the Treasury and officially announced, the deposits of reserve hereinbefore required to be placed with Federal Reserve banks shall be made as follows: "One-third within sixty days, one-third within fourteen months and one-third within 26 months after such date." (The Congressional bill provided for a reserve of 15 per cent. of aggregate deposits at all times within the vaults of country banks; 20 per cent. reserve of outstanding deposits for national banks situated in reserve cities and a 20 per cent. reserve of outstanding deposits for national banks in central reserve cities. The bill also provided for the placing of a reserve by any and all national banks in the federal district reserve bank of from 3 to 5 per cent. of the national bank's individual capital. The act also provided for a repealing of the sections of the banking act of 1874, a redistribution of the national bank currency.)

Seek Special Examinations of Federal Reserve Banks.

16. Joint application of ten banks, as members, to the federal reserve board, a special examination of the conditions of any federal reserve bank may be ordered. . . . (The Congressional bill provided that no bank examination could be made twice in succession by the same bank examiner, and that the federal reserve board be compelled to have quarterly inspections and examinations of federal reserve banks.)

17. Country banks may loan on unincumbered farm lands for a period not longer than one year. (The Congressional bill provided for such loans with a time limit of nine months.)

18. There shall be no provision made for the savings department of national banks. (The Congressional bill provided for savings departments in connection with any national bank provided permission be asked to open such a department within a year from the passage of the act, and provided that not more than \$25,000 be set aside for the use of such a department, and that existing savings bank regulations be substantially observed in the operation of such national bank savings departments.)

Various State Bankers' Associations and Clearing Houses not represented at this conference sent letters and resolutions, which were presented to the conference. These letters and resolutions follow:

At a meeting of the bankers of Group One, State of Idaho, held in Nampa on Tuesday, August 5, 1913, the following changes in H. R. 6454, known as the Glass Currency Bill, and S. 2639, known as the Owen Bill, the first in the House of Representatives and the latter in the Senate of the United States, were recommended:

That the minimum capital of Federal Reserve Banks be reduced to \$2,500,000 for the reason that otherwise the Pacific States could have but one Federal Reserve Bank covering some eight or nine States, which we believe too large a territory for one district.

That the Board of Directors of the Federal Reserve Banks shall elect their Chairman, believing they are better qualified to make such selection.

That vacancies in Classes A & B of the Board of Directors of Federal Reserve Banks shall be filled by election in the same manner as originally elected. The proposed bills make no provision for filling such vacancies.

That the surplus earnings, after paying all taxes and expenses and the 5 per cent. accumulative dividends, be applied to the payment of unpaid subscriptions subject to call. That after such subscriptions are paid in full a surplus of 20 per cent. shall be accumulated and thereafter the stockholders shall receive all dividends.

That the four members of the Federal Reserve Board instead of being chosen by the President of the United States shall be elected by the combined Directors of all Federal Reserve Banks.

The banks should have practical men to represent them on the Board—the Government have three members by virtue of their office in any event.

That interest to be paid on United States Deposits to be limited to 2 per cent. per annum. The Federal Reserve Banks are compelled to accept the Government deposits and hence should not be placed in a position where an exorbitant rate of interest could be charged.

That the minimum cash reserve in country banks be reduced to 3 per cent. of demand liabilities. Few, if any, country banks require more than this, and the possibility of burglary in small towns is great, thereby causing them to take undue risks in holding excessive amounts of cash on hand.

That country banks shall be permitted to keep with their designated agents in Reserve or Central Reserve Cities, all that portion of their reserve in excess of cash in vaults and 5 per cent. with the Federal Reserve Bank of its district, and that this privilege shall not be left to the discretion of the Federal Reserve Board as provided in bills.

This will remove the feeling of uneasiness the Reserve Banks must feel not knowing but that this privilege might be withdrawn at any time, causing a heavy loss of deposits.

It was further recommended that the Committee then appointed have these recommendations properly drafted and a copy sent to each of our Senators and Representatives in Congress.

F. F. JOHNSON,
W. J. BEAN,
C. A. ROBINSON,
Committee.

Copy of resolutions adopted at a special meeting of Group 5, New York State Bankers' Association, held at Albany, N. Y., August 7, 1913:

"Resolved, that Group 5 of the New York State Bankers' Association, in meeting assembled, in Albany, N. Y., August 7, 1913, recognizes the necessity for a more elastic currency and that legislation should be enacted to that end.

"Resolved, that this group believes House bill number 6,454 to be fundamentally wrong in that it natures the banking of the country out of the hands of the trained bankers and upsets the business conditions which have grown about the existing National Banking system."

Group 5 is composed of the bankers in the following counties:

Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Montgomery, Otsego, Rensselaer, Saratoga, Schenectady, Schoharie, Warren, Washington.

MR. FRED. E. FARNSWORTH, General Secretary,
American Bankers Association,
5 Nassau St., New York.

My dear Mr. Farnsworth:

I greatly regret that the pressure of business and the absence of several of the officers of the institution with which I am connected compels me to return at once to San Francisco, and that I am therefore unable to accept your invitation to represent the San Francisco Clearing House Association at the meeting to be held in Chicago on August 22d next. I particularly regret my inability to be present as I have received a telegraphic request from San Francisco to be present. Without attempting to forecast the conclusions that will be arrived at by the meeting, I may say that I am in close touch with the sentiment of the San Francisco banks on the Federal Reserve Act, and that on the following points there is no difference of opinion:

First: They are opposed to administrative government control of the Federal reserve banks, and particularly to the domination of each such bank through the power to appoint three directors and the further power to remove three of the directors elected

by the bank stockholders, and to appoint others in their places, giving the Federal Reserve Board control over six of the nine directors in each Federal reserve bank. They regard this provision as not only inequitable, but unwise in that it divorces ownership from management, and may easily lead to irresponsible direction and to serious loss.

On the other hand, they approve of, and welcome, the largest measure of government supervision.

Second: They are opposed to the compulsion placed on every National bank to alienate 20 per cent. of its capital, contributing 10 per cent. at once to capitalize the Federal reserve banks, without the possibility of receiving adequate return.

Third: They are opposed to the large enforced deposit with the Federal reserve banks, which will seriously diminish the loaning capacity of the existing banks before a new use for the funds is developed and without any idea as to what the rediscount requirements may be.

Fourth: They regret that the principle of an arbitrary fixed reserve is still adhered to, and while admitting that the requirements have been reduced, and remembering that the Federal Reserve Board has authority to suspend reserve requirements entirely for limited periods, they nevertheless feel that the loaning capacity of the banks is actually reduced, something that the country can ill afford.

Fifth: They strongly deprecate the proposed note circulation which is really a circulation of the Federal reserve banks made a first lien on the assets, secured by a special deposit of collateral and by a segregated gold reserve, and which is then made to appear to be an obligation of the United States Government. They regard this as most unwise in that it involves the credit of the Government with that of the banks in a way that may prevent either from helping the other in times of need. They regret that after more than a hundred years of discussion and consideration our lawmakers are still unable to appreciate the true nature of a bank note, which is not money, but is a medium for changing deposit credit into current credit, and which must be responsive to local demand or lose its value. All complicated machinery introduced between the demand for the notes and for their issue, and between the redemption of the notes and their cancellation, is mischievous, and tends to perpetuate false ideas as to the function and nature of the notes.

While there are other minor points which are debatable, the banks of San Francisco feel that those enumerated are fundamental, and that unless the errors pointed out are corrected the success of the plan will be seriously imperilled.

With the reservation that the above criticism should not apply to points which may have already been corrected by amendment, the foregoing is offered with the personal opinion of the writer that the banks of the country should place themselves strongly on record for what they know to be right, and that they should reiterate that they are seeking no selfish advantage, and that what they are seeking to bring about—the enactment of a sound and scientific currency measure—is for the best interests of the workers and the producers quite as much as it is for the best interests of the banks.

Very respectfully,

JAMES K. LYNCH, President,
San Francisco Clearing House Association.

Buffalo, N. Y., Aug. 22, 1913.

HON. A. B. HEPBURN,
Chairman Currency Commission American
Bankers' Assn.,
Hotel LaSalle, Chicago, Ill.

The Buffalo Clearing House Association is sending a representative to your Conference. Because the tariff agitation has not had the predicted disastrous effect on business Congress mistakenly may think that the same immunity will follow hasty banking and currency legislation. Credit, the life-blood of business, is largely based on confidence. Even now

there are signs that the evident intention of the administration to force through, without proper discussion, a banking and currency bill of some kind is beginning to impair confidence. Bankers should not simply oppose, they should welcome and promote sound financial legislation, but if Congress denies them that opportunity, they must still do their duty by opposing unsound financial legislation. The proposed bill is so full of errors that to mention them all would distract attention from its main defects. Such a law would disorganize and cripple our National banking system instead of strengthening and perfecting it. It would cause serious loss to countless small stockholders to those in country districts as well as to those in reserve centers. It is clearly unjust that National banks should be compelled by force to make investments in the stocks of and deposits with Federal reserve banks which all bank officers know will cause loss to countless National bank stockholders, and then further be compelled to risk in the hands of political appointees these investments and deposits, the property of their stockholders and depositors which are regarded by bankers as a sacred trust. Bank officers should welcome strict official supervision, but they should not be compelled to turn over to political control the great interests which their stockholders and depositors have entrusted to them. Whatever the personal prejudices of the business public, it cannot be possible that they would willingly risk their vast interests in the hands of political appointees rather than in the hands of trained bankers. When the business public actually realizes what this bill means, they will rise in united opposition to it. The danger is that they will not be allowed time to do so.

The apparent desire of the administration to hurry through the bill without giving opportunity for a thorough discussion is, in itself, a confession of weakness that ought to open the eyes of the public. If every banker in this country will take the small amount of time necessary to explain this bill reasonably and fairly to a few leading business men, we need have no fear that the bill ever will pass. We strongly recommend this as the most reasonable, businesslike and effective course.

ELLIOTT C. McDOUGAL,
President Buffalo Clearing House Association.

Mobile, Ala.: "We regret to say that we are unable to have a representative present at the conference. We beg to say, however, that we are in sympathy with your movement and have perfect confidence in the gentlemen who will attend the conference to do the right thing."

Stockton, Cal.: "The members of the Clearing House, after conferring in regard to the matter, decided that they would not send a representative to the meeting, and that the representative from the San Francisco Clearing House would be in touch with the matter and could present our ideas as well as if we should send a representative to the meeting."

Jacksonville, Fla.: "Our Association had appointed a representative, but owing to the large number of absentees among the official staff of the banks here at this particular season it seems impossible to be properly represented by the National Banks of the Association."

"We can say that our Association is a unit, however, in opposing such provisions in the bill as political control, the arbitrary requirement of the deposit of so large a proportion of our reserve where no return will be had thereon, the compulsory investment in a security on which the profit is so small, and such other similar provisions of the bill.

"We trust that the conference will result in the betterment of the banking and currency system of the country."

Oshkosh, Wis.: "Regret that it will be impossible for a representative of our Clearing House Association to be present at the proposed meeting." Then follow the resolutions passed by bankers of the Fox River Valley, held at the Chamber of Commerce, in Oshkosh, on the evening of August 5, 1913, the first resolution being as follows:

"Resolved: We disapprove the Owen-Glass Currency Bill now before Congress and earnestly ask our representatives in Washington to unite in defeating the measure."

The other resolutions adopted take exception at some length to certain provisions in the Owen-Glass Bill. Most of these provisions were acted upon by the Chicago Conference.

Grand Forks, North Dakota: "The Grand Forks Clearing House Association heartily endorses the resolution adopted by the joint banking and currency committee of the five States of Iowa, Minnesota, North and South Dakota, and Montana, held at Minneapolis on August 8, 1913."

The resolution referred to is practically the same as those adopted by the joint committee of the States named, August 29, 1913.

Waco, Tex., August 18, 1913.

Hon. A. B. Hepburn, Chairman,
Chicago, Ill.

Dear Sir: Referring to the Glass-Owen Bill, we look with favor upon its features other than set forth below. Our preference would be for a government bank to have dealings only with the three present Central Reserve City Banks of the United States, furnishing them assistance when needed, and thus not disturbing the present situation throughout the country at large. We feel that if our Reserve Agents had the assurance this would give that we might then ask for deserve assistance, just as we do now and get it, without red tape, and beyond doubt regardless of prevailing conditions.

1st. Failing this we can see no good in the political control as proposed, but think the Federal Reserve Board should be supervisory rather than executive.

2d. We feel that membership should not be made compulsory. That, if the advantages to be gained are real, it will not be necessary to force the taking out of memberships.

3d. We do not feel that any bank should be allowed the privilege of accepting drafts, unless it be over five years old and have a capital of not less than \$1,000,000 and a surplus of the same amount.

4th. We feel that the return on the investment in the capital stock and by the deposit of reserve without interest is entirely too low and, unless made more attractive, will cause many banks to retire from the National Association.

Yours very truly,
Waco Clearing House,
S. M. McASHAN,
President.

The Committee on Resolutions was given a unanimous vote of thanks.

A unanimous vote of thanks was also given to Chairman A. Barton Hepburn for the able, impartial and fair manner in which he had presided over the conference. Mr. Hepburn, in acknowledging the vote of thanks, called the attention of the conference to the fact that the Annual Convention of the American Bankers Association would be held in Boston in October, and suggested that as it would be a very important meeting there should be a large representation present.

A unanimous vote of thanks was also passed to the Hotel La Salle for the excellent manner in which it had taken care of its guests and for the Convention Hall and Committee Rooms furnished for the meetings.

A further unanimous vote of thanks was given to the Clearing House Association of Chicago for its unbounded hospitality, and also to the press of Chicago and the United States for the very excellent and full manner in which it had reported the proceedings of the conference.

Before adjournment the conference authorized Chairman Hepburn to appoint a special committee to take the findings of the conference to Washington and to place the same before the proper Government

authorities. The committee, afterward appointed by the chairman, was composed of the following:

- James B. Forgan, President First National Bank, Chicago, Ill., Chairman;
- George M. Reynolds, President of the Continental and Commercial National Bank, Chicago, Ill.;
- Festus J. Wade, President Mercantile Trust Company, St. Louis, Mo.;
- Sol. Wexler, Vice-President Whitney-Central National Bank, New Orleans, La.;
- E. J. Hill, Vice-President National Bank of Norwalk, Norwalk, Conn.;
- Joseph N. Chapman, Vice-President Northwestern National Bank, Minneapolis, Minn.;
- Robert F. Maddox, Vice-President American National Bank, Atlanta, Ga.

The following communications were received at the General Secretary's office subsequent to the conference:

A circular was issued under date of August 29, 1913, by the Joint Banking and Currency Committee of the Iowa, Minnesota, Montana, North Dakota and South Dakota Bankers' Associations, embodying the resolutions adopted by the Chicago Conference, together with the changes in the Bill recommended by the Resolutions Committee, and makes the following comment: "Upon the report of this Committee the conference witnessed the remarkable action of the bankers in adopting the recommended changes without a single dissenting vote. Attention is called to the fair and temperate wording of the report of the Resolutions Committee, and to the admirable character of its work in suggesting only such modifications of the proposals of the Government with respect to banking and currency legislation as can be introduced into the existing measure as amendments, and without destroying the character, general structure or theory of that measure."

The circular also embodies the following recommendations:

The Joint Committee, appointed to review the bill and keep banks and bankers advised of the progress of legislation, strongly approves the conference action. It endorses the bill with the conference suggestions for changes and amendments and presents the above schedule of alterations that every banker may be immediately advised what amendments are necessary.

The bill will probably pass the House without these changes. The Committee strongly urges that all bankers turn their attention to the consideration of the measure in the Senate. It further advises, and wishes to strongly emphasize the suggestion, that each banker, after carefully considering this report and the work done in Chicago, communicate immediately with the Senators representing his State, or other Senators, advising them of his opinions and urging the adoption of these changes.

The belief of the Chicago conference was that the Administration will be fair and reasonable and that it will follow the best judgment of business men and bankers. Upon bankers, therefore, rests the double responsibility of at once advising the Senate of their opinions and of making entirely sure that responsible business men are informed of the suggested amendments, and urged to take the same action, or such action as their personal judgment suggests, in concise and urgent letters to members of the Senate.

The Senate, it is believed, will respond to the sound opinion of banks and business. It is therefore imperative that such opinion be made known to the members of that body at once.

This Committee trusts that every banker will feel a personal responsibility in bringing about a broader and more thorough knowledge of this subject in the Senate at once.

Respectfully submitted:

- The Minnesota Bankers' Association,
- J. S. Pomeroy, President.
- N. F. Banfield, Austin.
- J. W. Wheeler, St. Paul.

- The South Dakota Bankers' Association,
- E. G. Kennedy, Sioux Falls.
- James Halley, Rapid City.
- J. C. Bassett, Aberdeen.
- The North Dakota Bankers' Association,
- M. F. Murphy, Grand Forks.
- P. C. Remington, Bismarck.
- R. S. Adams, Lisbon.
- The Montana State Bankers' Association,
- A. W. Warr, Lewistown.
- F. S. Lusk, Missoula.
- A. C. Johnson, Helena.
- The Iowa Bankers' Association,
- E. L. Johnson, Waterloo.
- C. H. McNider, Mason City.
- J. L. Edwards, Burlington.
- C. H. McNider, Chairman.
- G. H. Richards, Secretary.

At a meeting of the representatives of the National banks of Vermont, held in Rutland on August 27, 1913, the following resolutions were adopted:

"Resolved, That while recognizing the patriotism and ability which characterize the currency measure now under consideration by Congress, we desire to record our conviction that the enactment of the bill in its present form would entail financial loss upon many country banks, and might possibly involve the surrender of national charters by many of the institutions in this state, and that we earnestly suggest that each bank would advise our Senators and Congressmen of our convictions and earnestly invoke their efforts to obtain modifications which we believe will be necessary to secure the continuity and efficiency of the national banks of this state."

"Resolved, That in our belief the recommendations of the recent Chicago meeting of representative banking interests of the country furnish a reasonable groundwork for the modification of the pending currency bill; and that copies of this and the other resolutions adopted this day be sent to our members in Congress and to the chairman of the Senate and House committees on banking respectively."

At a meeting of the New Castle, Pa., Clearing House Association, held August 30, 1913, to consider the provisions of the so-called Currency Bill pending in Congress, after going over the Bill with special consideration of its effect on country banks, it was unanimously

Resolved, That we protest against the passage of the Bill as placing unnecessary burdens on the country banks, and as revolutionary in that it requires them, after paying their fair share of taxes, local, state and national, to divide the profits of their business with others. That any privileges which would be granted by the Bill are of a character so limited and doubtful as to utterly fail to compensate for the unwarranted restrictions upon and exactions from the operations of their business.

If the Bill should pass without most radical amendments it would most certainly drive a large majority of country national banks out of the system compelling them to take out charters under the laws of their respective states in order to avoid the operation of a law so heavy with burdens and so light with benefits.

- C. F. Montgomery, President.
- W. H. Grove, Secretary.

The following is a list of bankers who attended the Conference, as evidenced by the registration. Without doubt there were a few present who did not register, therefore their names do not appear in this list:

Currency Commission American Bankers Association.

- A. B. Hepburn, Chairman of Board, Chase National Bank, New York City, Chairman.
- James B. Forgan, President First National Bank, Chicago, Ill., Vice-Chairman.
- Festus J. Wade, President Mercantile Trust Company, St. Louis, Mo.

Joseph T. Talbert, Vice-President National City Bank, New York City.
 George M. Reynolds, President Continental & Commercial National Bank, Chicago, Ill.
 John Perrin, of Perrin, Drake & Riley, Inc., Los Angeles, Cal.
 Luther Drake, President Merchants National Bank, Omaha, Neb.
 Sol Wexler, Vice-President Whitney-Central National Bank, New Orleans, La.
 E. F. Swinney, President First National Bank, Kansas City, Mo.
 Joseph A. McCord, Vice-President National Bank, Atlanta, Ga.
 J. F. Sartori, President Security Trust & Savings Bank, Los Angeles, Cal.
 Levi L. Rue, President Philadelphia National Bank, Philadelphia, Pa.
 E. L. Howe, Vice-President Princeton Bank, Princeton, N. J.
 Frederick E. Farnsworth, New York, Secretary.

Officers of the Association.

Arthur Reynolds, President Des Moines National Bank, Des Moines, Iowa, First Vice-President.
 J. Fletcher Farrell, Vice-President Fort Dearborn National Bank, Chicago, Ill., Treasurer.
 Fred. E. Farnsworth, General Secretary of the Association and Secretary of the Currency Commission.

Delegates by States.

Alabama: W. P. G. Harding, representing Birmingham Clearing House.
 Arkansas: J. D. Covey, President Arkansas Bankers Association; George W. Rogers, representing Little Rock Clearing House.
 California: Stoddard Jess, representing Los Angeles and Sacramento Clearing Houses and the California Bankers Association; A. E. Edwards, representing Pasadena Clearing House; J. F. Sartori, representing the California Bankers Assn.; John Perrin, representing the California Bankers Assn.
 Colorado: H. M. Rubey, President Colorado Bankers Association.
 Connecticut: E. J. Hill, representing Connecticut Bankers Assn.; Lucius A. Barbour, representing Hartford Clearing House; F. W. Judson, representing Waterbury Clearing House.
 District of Columbia: W. T. Galliher, Vice-President D. of C. Bankers Association and representing Washington Clearing House; John Poole, Sec'y D. of C. Bankers Association.
 Georgia: L. P. Hillyer, President Georgia Bankers Association and representing Macon Clearing House; Robt. F. Maddox, representing Atlanta Clearing House; Joseph A. McCord, representing Atlanta Clearing House; Wm. M. Davant, representing Savannah Clearing House.
 Illinois: J. D. Phillips, President Illinois Bankers Association; Richard L. Crampton, Sec'y Illinois Bankers Association; W. T. Fenton, representing Chicago Clearing House; Charles G. Dawes, representing Chicago Clearing House; B. F. Harris, representing Champaign Clearing House; W. D. C. Street, representing Chicago Clearing House; James B. McDougal, representing Chicago Clearing House; M. J. Wolford, representing Danville Clearing House; O. B. Gorin, representing Decatur Clearing House; M. F. Dunlap, representing Jacksonville Clearing House; Ferd. Luthy, representing Peoria Clearing House; Chandler Starr, representing Rockford Clearing House; J. D. Waterman, representing Rockford Clearing House; E. W. Payne, representing Springfield Clearing House; B. R. Hieronymus, representing

Springfield Clearing House; William Wright, East St. Louis; W. E. Stone, Peoria; George H. Norton, Chicago; Owen T. Reeves, Jr., Chicago; D. V. Harkin, Chicago; W. C. Estee, Aurora; Albert F. Schoch, Ottawa; Charles E. Hook, Ottawa; E. E. Wilson, Joliet; Robert I. Kelley, Joliet; J. E. Williams, Streator; J. S. Aisthorpe, Cairo; John B. Jackson, Anna; C. G. Rutledge, Chicago; John Jay Abbott, Chicago; August Blum, Chicago; J. R. Washburn, Chicago; Ernest A. Hammel, Chicago.

Indiana: J. L. McCulloch, President Indiana Bankers Association; Henry Reils, representing Evansville Clearing House; C. H. Worden, representing Fort Wayne Clearing House; Samuel M. Foster, representing Fort Wayne Clearing House; S. A. Fletcher, representing Indianapolis Clearing House; Jacob Woolverton, representing South Bend Clearing House; Myron Campbell, South Bend; Rome C. Stephenson, South Bend; Charles McCulloch, Fort Wayne; Thomas R. Paxton, Princeton; John H. Holliday, Indianapolis.

Iowa: J. L. Edwards, representing Iowa Bankers Association; E. L. Johnson, representing Iowa Bankers' Association; E. M. Scott, representing Cedar Rapids Clearing House; J. H. Hass, representing Davenport Clearing House; Homer A. Miller, representing Des Moines Clearing House; R. A. Crawford, representing Des Moines Clearing House; J. G. Rounds, representing Des Moines Clearing House; Arthur Reynolds, representing Des Moines Clearing House; John McHugh, representing Sioux City Clearing House; George S. Parker, representing Sioux City Clearing House; John P. O'Malley, Perry; M. M. Reynolds, Panora; W. W. Miller, Waterloo.

Kansas: W. J. Bailey, President Kansas Bankers' Association; F. M. Bonebrake, representing Topeka Clearing House; F. Hageman, Salina.

Kentucky: J. W. Porter, representing Lexington Clearing House; L. C. Murray, representing Louisville Clearing House; E. L. Swearingen, representing Louisville Clearing House; John H. Leathers, representing Louisville Clearing House.

Louisiana: J. H. Fulton, representing New Orleans Clearing House; Sol Wexler, representing New Orleans Clearing House.

Maryland: William C. Page, President Maryland Bankers' Association; Charles T. Crane, representing Baltimore Clearing House.

Massachusetts: Charles P. Blinn, Jr., President Massachusetts Bankers' Association; Alfred L. Ripley, representing Boston Clearing House.

Michigan: Arthur G. Bishop, Vice-President Michigan Bankers' Association; George H. Russel, representing Detroit Clearing House; Bruce J. MacDonald, representing Flint Clearing House; George B. Morley, representing Saginaw Clearing House.

Minnesota: George H. Richards, Secretary Minnesota Bankers' Association; N. F. Banfield, representing Minnesota Bankers' Association; F. A. Chamberlain, representing Minneapolis Clearing House; C. T. Jaffray, representing Minneapolis Clearing House; Joseph Chapman, representing Minneapolis Clearing House; George H. Prince, representing St. Paul Clearing House; J. W. Luck, representing St. Paul Clearing House; John H. Rich, Red Wing; Curtis L. Mosher, St. Paul; George F. Orde, Minneapolis; Edgar L. Mattson, Minneapolis.

Mississippi: J. F. Flournoy, Jr., President Mississippi Bankers' Association; F. W. Foote, representing Hattiesburg Clearing House; Oscar Newton, representing Jackson Clearing House; Walker Broach, representing Meridian Clearing House; W. Thomas Rose, representing Vicksburg Clearing House; John M. Allen, Tupelo; J. C. Brooks, Clarksdale.

Missouri: R. S. Hawes, Vice-President Missouri Bankers' Association; George S. Hovey, representing Kansas City Clearing House; P. W. Goebel,

representing Kansas City Clearing House; E. F. Swinney, representing Kansas City Clearing House; R. T. Forbes, representing St. Joseph Clearing House; Graham G. Lacy, representing St. Joseph Clearing House; Walker Hill, representing St. Louis Clearing House; Festus J. Wade, representing St. Louis Clearing House.

Montana: George Cox, Bozeman.

Nebraska: George F. Sawyer, President Nebraska Bankers' Association; C. G. Lane, representing Hastings Clearing House; S. H. Burnham, representing Lincoln Clearing House; F. H. Davis, representing Omaha Clearing House.

New Jersey: W. M. Van Deusen, representing New Jersey Bankers' Association; Robert L. Cox, representing Montclair Clearing House; E. W. Kenemore, Princeton.

New York: James H. Perkins, representing Albany Clearing House; Ledyard Cogswell, representing Albany Clearing House; Willard F. Hopkins, representing Buffalo Clearing House; William Woodward, representing New York Clearing House; Henry C. Brewster, representing Rochester Clearing House; Arthur W. Loabsy, representing Syracuse Clearing House; Theodore B. Heller, New York City.

North Carolina: George A. Holderness, President North Carolina Bankers' Association.

Ohio: S. D. Fitton, President Ohio Bankers' Association and representing Hamilton Clearing House; C. I. Bruner, representing Akron Clearing House; H. S. Kaufman, representing Canton Clearing House; C. A. Hirsch, representing Cincinnati Clearing House; J. J. Sullivan, representing Cleveland Clearing House; E. R. Fancher, representing Cleveland Clearing House; L. F. Kiese-wetter, representing Columbus Clearing House; Theo. S. Huntington, representing Columbus Clearing House; Spencer D. Carr, representing Toledo Clearing House; Mason Evans, representing Youngstown Clearing House; George W. Winger, Springfield; Charles W. Dupins, Cincinnati; Ralph D. Cole, Findlay.

Oklahoma: Samuel L. Morley, representing McAlester Clearing House; H. H. Ogden, representing Muskogee Clearing House; L. D. Schoonmaker, Garvin; H. C. Hoagland, Muskogee.

Oregon: E. A. Wyld, representing Portland Clearing House and Oregon Bankers' Association.

Pennsylvania: M. I. McCreight, representing Pennsylvania Bankers' Association; R. J. Moorhead, representing Erie Clearing House; David Jameson, representing New Castle Clearing House; Charles McKnight, representing Pittsburgh Clearing House; Randolph S. Meck, representing Reading Clearing House; Levi L. Rue, representing Philadelphia Clearing House.

Rhode Island: Moses J. Barber, representing Providence Clearing House.

South Carolina: Bright Williamson, President South Carolina Bankers' Association.

South Dakota: M. P. Beebe, President South Dakota Bankers' Association; J. E. Platt, Secretary South Dakota Bankers' Association; C. A. Russell, representing Aberdeen Clearing House; N. E. Franklin, representing South Dakota Bankers' Association; J. C. Basset, representing South Dakota Bankers' Association.

Tennessee: F. M. Mayfield, Secretary Tennessee Bankers' Association; J. B. Tigrett, representing Tennessee Bankers' Association; S. E. Ragland, representing Memphis Clearing House.

Texas: Nathan Adams, President Texas Bankers' Association and representing Dallas Clearing House; W. H. Fuqua, representing Amarilla Clearing House; Noah Harding, representing Fort Worth Clearing House; J. L. Johnson, representing Fort Worth Clearing House; W. E. Connell, representing Fort Worth Clearing House; J. W. Hoopes, Secretary Texas Bankers' Association and representing Galveston Clearing House;

J. T. Scott, representing Houston Clearing House; J. A. Pondrom, representing Texarkana Clearing House; U. S. Stewart, representing El Paso Clearing House; M. A. Cooper, Waco; F. M. Murchison, El Paso; George D. Flory, El Paso; John E. Owens, West Point.

Utah: Frank Knox, President Utah Bankers' Association and representing Salt Lake City Clearing House; T. W. Boyer, representing Salt Lake City Clearing House.

Virginia: Julien H. Hill, Treasurer Virginia Bankers' Association and representing Richmond Clearing House; Oliver J. Sands, representing Richmond Clearing House and Virginia Bankers' Association; John M. Miller, Jr., representing Richmond Clearing House; Thomas B. McAdams, representing Richmond Clearing House.

Washington: M. F. Backus, representing Seattle Clearing House; J. P. M. Richards, representing Spokane Clearing House; Charles R. McKay, representing Tacoma Clearing House.

West Virginia: Joseph S. Hill, Secretary-Treasurer West Virginia Bankers' Association; Robert C. Dalzell, representing Wheeling Clearing House.

Wisconsin: H. A. Moehlenpach, President Wisconsin Bankers' Association; George D. Bartlett, Secretary Wisconsin Bankers' Association; A. J. Frame, representing Wisconsin Bankers' Association; J. W. P. Lombard, representing Milwaukee Clearing House; William Bigelow, representing Milwaukee Clearing House; William B. Banks, representing Superior Clearing House; John P. Williams, Shullsburg; G. N. Fratt, Racine.

CHICAGO CONFERENCE COMMITTEE AT WASHINGTON.

Hearings Before the Senate Committee on Banking and Currency.

AT the conclusion of the Conference held at Chicago, August 22-23, 1913, to discuss the banking and currency bill now before Congress, which was reported out by the Democratic caucus, considered by the House of Representatives, and referred back to the House Committee on Banking and Currency, a committee was appointed to visit Washington and present to the Senate Committee on Banking and Currency the findings and recommendations of the Chicago Conference.

James B. Forgan, Vice-Chairman of the Currency Commission of the American Bankers Association and Chairman of the Conference Committee, communicated with Senator Owen, Chairman of the Senate Committee, asking that the Senate Committee name a date on which they would receive the Conference Committee. Senator Owen readily responded to this request and set the time for the hearings at Washington for Tuesday, September 2d.

The Conference Committee, all the members of which were present, consisted of the following:

- James B. Forgan, of Chicago, Ill., Chairman.
- George M. Reynolds, of Chicago, Ill.
- Festus J. Wade, of St. Louis, Mo.
- Sol. Wexler, of New Orleans, La.
- E. J. Hill, of Norwalk, Conn.
- Joseph Chapman, of Minneapolis, Minn.
- Robert F. Maddox, of Atlanta, Ga.

General Secretary Farnsworth, as Secretary to the Committee, attended all of the hearings.

The Committee met at the New Willard Hotel, Washington, at twelve o'clock on the 2d of September, for the purpose of organizing. The hearings were held in the room of the Committee on Appropriations, in the Senate wing of the Capitol. The Senate Committee on Banking and Currency is as follows: Senators Owen, of Oklahoma, Chairman; Hitchcock, of Nebraska; O'Gorman, of New York; Reed, of Missouri; Pomerene, of Ohio; Shafroth, of Colorado; Hollis, of New Hampshire; Nelson, of Minnesota; Bristow, of Kansas; Crawford, of South

Dakota; McLean, of Connecticut, and Weeks, of Massachusetts. James W. Beller, Clerk.

The Senate Committee showed deep interest in the subject before them. It was expected that when the Conference Committee went to Washington they would probably not be given more than a few hours for the purpose of presenting the objections to the Administration bill. In this respect, however, they were mistaken. A quorum of the Senate Committee was present at each of the sessions, and there were times when every member of the Committee was in attendance, although during the sessions the Senate was discussing the tariff bill.

Those who are familiar with legislative life at Washington and the various hearings which have taken place from time to time pronounced these hearings more important and intensely interesting than any hearings which have been held, with few exceptions, for years. Chairman Forgan had assigned to each member of his Committee specific subjects which had been embodied in the recommendations. Each member of the Conference Committee after making a statement of the specific subject in hand, the objectionable features of the bill, the recommendations adopted at Chicago, and the argument, was then catechised very fully as a witness by every member of the Senate Committee. The hearings and questions asked were not confined exclusively to the Administration bill. It was evident that the Senators desired information on all phases of banking and proposed banking and currency legislation. The whole gamut was run. Propositions which were submitted by the Senate Committee and discussed embodied, distinctly, a Government Bank, a Central Bank with branches, a Central Bank without branches, amendments to the Aldrich-Vreeland Law, the bill of the National Monetary Commission, amendments which might make the National Bank Act better adapted to the present needs of the country, a proposition to enact legislation, placing a system for furnishing emergency currency in the hands of sub-treasurers and increasing the number of sub-treasurers to provide for the entire United States, the withdrawal of gold certificates and issuing in lieu thereof Government notes on the basis of fifty per cent. gold reserve, instead of one hundred per cent. gold reserve, the recalling of the National Bank notes and refunding the Government two per cent. bonds and issuing in lieu thereof Government notes on a fifty per cent. reserve basis and to issue and sell bonds to provide for the gold reserve for Government Bank notes, and a full discussion of the three great banks of Europe—Great Britain, France and Germany. These were some of the matters discussed at the hearings.

This comprehensive discussion and questioning indicated to the bankers committee that the Senators were open-minded and desired light, and that they believed this light could be furnished by the bankers more explicitly and with a better understanding than by any other class of witnesses who might be called before them. Every possible courtesy was shown the visiting committee. The hearings lasted until Saturday night, September 6th—four and a half days—and then it was suggested that the presence of some members of the bankers committee might be desired at a later date.

The members of the bankers committee were thoroughly conversant with the great principles involved, and on the witness stand answered all questions without hesitation and fairly, forcefully and comprehensively.

On the first evening which the visiting bankers spent in Washington they were entertained at a dinner given at the Columbia Country Club by the bankers of Washington. This courtesy, evidencing the hospitality of the Washington bankers, was most thoroughly appreciated.

It would be impossible to forecast the result of these hearings. All subjects were discussed from so broad a view-point that it would hardly seem reasonable to expect that the Senate Committee could in any sense arrive at conclusions in approval of the House bill in the near future, if at all.

During the week, Senator Weeks, of Massachusetts, introduced in the Senate a resolution that the report of the Senate Committee be made in December next. This resolution was referred to the Senate Committee for action.

Too much credit cannot be bestowed upon the Chicago Conference and its action in the interests of the banks and the commercial pursuits of the land, and upon the very able committee who went to Washington and gave so much of their valuable time to the work in hand. These meetings are certainly history-making, and it is not an extravagant supposition that eventually a measure may be brought out that will be adapted to the great needs of the country in the way of banking and currency legislation.

BURGLARY AND ROBBERY POLICY.

THE attention of our members is called to the standard form of Bank Burglary and Robbery Policy as copyrighted by this Association. Considerable time was devoted to the preparation of this policy by the Committee on Fidelity Bond and Burglary Insurance and the General Counsel of this Association. Various articles have appeared in the JOURNAL-BULLETIN bearing on the same.

There are many special advantages accruing to members by the use of this policy. It is being used very extensively, and where not used we strongly urge members to make application to one of the companies, listed below, to which a license has been granted by us to write the policy:

Aetna Accident & Liability Co., Hartford, Conn.; American Bonding Co., Baltimore, Md.; American Fidelity Co., Montpelier, Vt.; American Indemnity Co., Galveston, Texas; Casualty Company of America, New York, N. Y.; Employers Liability Assurance Corp., Ltd., of London, England, United States Branch, Boston, Mass.; Fidelity & Casualty Co., New York, N. Y.; Fidelity & Deposit Co., Baltimore, Md.; Frankfort Marine, Accident & Plate Glass Insurance Co., New York, N. Y.; General Accident, Fire & Life Assurance Corp., Ltd., of Perth, Scotland, United States Branch, Philadelphia, Pa.; Globe Indemnity Company of New York, New York, N. Y.; Kansas Casualty & Surety Co., Wichita, Kansas; Maryland Casualty Co., Baltimore, Md.; Massachusetts Bonding & Insurance Co., Boston, Mass.; Missouri Fidelity & Casualty Co., Springfield, Mo.; National Surety Co., New York, N. Y.; New Amsterdam Casualty Co., New York, N. Y.; New Jersey Fidelity & Plate Glass Insurance Co., Newark, N. J.; Ocean Accident & Guarantee Corp., Ltd., of London, England, United States Branch, New York, N. Y.; Pacific Coast Casualty Co., San Francisco, Cal.; Royal Indemnity Co., New York, N. Y.; United States Casualty Co., New York, N. Y.; Western Casualty & Guaranty Insurance Co., Dallas, Texas.

INSURANCE COMMITTEE.

A TWO days' meeting of the Insurance Committee was held in the offices of the Association on August 29 and 30, 1913, at which were present the chairman of the committee, Mr. Oliver J. Sands, of Richmond, Va.; Judge O. E. Dunlap, of Waxahachie, Texas; Mr. B. A. Ruffin, secretary to the committee, and Mr. Thomas B. Paton, General Counsel American Bankers Association. General Secretary Farnsworth also attended some of the sessions. Mr. H. P. Beckwith, of Fargo, North Dakota, a member of the committee, was prevented from attendance by illness in his family. The final draft of a new Fidelity Bond, jointly prepared by Mr. Ruffin and Mr. Paton, was carefully gone over, and after full and extended discussion of all its provisions was approved by the committee, and the General Counsel was instructed to have it copyrighted in the name of the Association. The various phases of the insurance work on behalf of the Association which the committee is developing were discussed, as well as the outline of a report to be presented at the coming convention.

REVISION OF THE CONSTITUTION

REPORT OF THE SPECIAL COMMITTEE

(Notice to members in pursuance to Article X, Section 1 of the Constitution.)

ARTICLE I.

Title.

Section 1.

This Association shall be called "The American Bankers' Association."

Amend by striking out all that follows after
Article 1; Section 1, and insert the following:

ARTICLE II.

Membership.

Section 1.

	1	Any National Bank, State Bank, Savings Bank, Trust Company,
	2	Private Banker, Banking Firm, and branch of any of such, any
Change	3	Chapter of the American Institute of Banking, and Secretary
Compare Art. II Sec. 1	4	of any State Bankers' Association, located within the terri-
	5	tory of the United States or its dependencies, may become a
	6	member of this Association upon application to the General
	7	Secretary, and approval by the Membership Committee.

Section 2.

	1	The members shall pay to the Treasurer of the Association
Dues Compare Art. II Sec. 1	2	such annual dues as shall be determined by the By-Laws.

Section 3.

	1	Each member shall be entitled to representation in the Gen-
Representa- tion	2	eral Convention of the Association either by delegate, or
Compare Art. II Sec. 1	3	in person, and when by delegate, such delegate shall if re-
	4	quired present his authorization to the Convention.

Section 4.

	1	Members may be suspended or expelled for due cause by a two-
Suspensions, etc.	2	thirds vote of the Executive Council, but no member shall be

REVISION OF THE CONSTITUTION—Continued

3 suspended or expelled except upon charges made in writing,
 4 signed by the complainant, and not then until the member
 5 shall have had due notice thereof, and opportunity to make
 6 defense.

Compare
 Art. II
 Sec. 1

Section 5.

1 Any member failing to pay the membership dues within three
 2 months after the same shall be due, shall forfeit such mem-
 3 bership, but may be reinstated upon application to the Gen-
 4 eral Secretary, and the payment of all dues in arrears, hav-
 5 ing first received the consent of the President of the Asso-
 6 ciation thereto.

Reinstatement

Compare
 Art. VIII
 Sec. 1

Section 6.

1 Associate members consisting of Banks and Bankers located
 2 elsewhere than within the territory of the United States
 3 and its dependencies, may be elected as members now are,
 4 and present members so located are hereby made associate
 5 members. Such members shall have the privileges of member-
 6 ship, except protective benefits, the right to hold office
 7 and the right to vote.

Associate
 Members

New

ARTICLE III.

General Convention.

Section 1.

1 The supreme authority of the Association is vested in the
 2 General Convention.

New
 Compare
 Art. III
 Sec. 1

Section 2.

1 The General Convention of the Association shall meet in An-
 2 nual session at such times as shall be fixed by the Execu-

REVISION OF THE CONSTITUTION—Continued

	3	tive Council, and at such places as may be designated by the
Sessions of Genl. Conv.	4	last preceding General Convention, or, upon its failure to de-
	5	signate, by the Executive Council. Special sessions of the
	6	General Convention shall be ordered upon the request in writ-
	7	ing of one-third of the membership of the Association, or if
Compare Art. V Sec. 1	8	the general welfare shall require, upon the request of three-
	9	fourths of the members of the Executive Council made to the
	10	President, and in either of such cases, the General Secretary
	11	of the Association shall fix the time and place for such meet-
	12	ing and issue the call to the members.

Section 3.

Composition of Convention	1	The General Convention shall consist of representatives duly
	2	authorized by the several corporate, firm, or other collec-
	3	tive members, and of individual members in person, and all
New	4	such shall be styled delegates. All former Presidents of the
	5	Association not qualified as delegates, shall be entitled to
	6	all the floor privileges of delegates, but without vote.

Section 4.

Qualifications of Delegates, etc.	1	Each delegate authorized to represent a member, shall be an
	2	officer, or director, or trustee, or manager of the member so
Compare Art. II, Sec. 2	3	authorizing, or shall be a member of the Banking firm so au-
	4	thorizing. Substitutes for delegates shall not be permitted.

Section 5.

Quorum New	1	The delegates present at the time and place duly appointed
	2	for the holding of the General Convention, and its several
	3	sessions shall constitute a quorum.

Section 6.

New	1	The General Convention at its Annual Session shall elect a
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REVISION OF THE CONSTITUTION—Continued

Genl. Conven- tion to elect President and Vice-President	2	President of the Association and a Vice-President of the
	3	Association, each of whom shall have the qualifications of
	4	a delegate. The President and Vice-President shall be in-
	5	stalled in office immediately after election, and shall
	6	serve until the next succeeding election, and until
Terms of Office and Restriction	7	their successors are duly installed in office, and shall
	8	not be eligible to immediate re-election to the same posi-
	9	tion after a full term of service.
	10	The General Convention at its annual or any spe-
Other Officers and Employees	11	cial sessions shall elect or appoint such other officers
	12	and employees as to the Convention shall seem fit, except
	13	as hereinafter otherwise provided.

Section 7.

	1	Delegates shall vote in person only, and no delegate shall
Voting	2	represent more than one member. All votes shall be viva
	3	voce unless otherwise ordered, or hereinafter otherwise pro-
Roll Call	4	vided, but any delegate may demand a division of the house,
	5	and upon the demand of fifty delegates the roll of the Con-
Compare Art. II Secs. 3, 4 Art. III Sec. 5	6	vention shall be called upon any pending question, in manner
	7	prescribed by By-Law: Election of officers shall be by bal-
	8	lot, but when a single nominee is presented for any office
	9	the ballot may be dispensed with, and the vote taken viva
	10	voce.

Section 8.

Rules of Procedure	1	All proceedings of the General Convention shall be regula-
	2	ted by the ordinary rules of American Parliamentary proce-
	3	dure, except as otherwise determined herein, or by By-Law,
New	4	or rule of the Association.

REVISION OF THE CONSTITUTION—Continued

ARTICLE IV.

Officers.

President.

Section 1.

Duties
of
President

New

- 1 The President of the Association shall preside at all sessions, Annual or Special of the General Convention. He
- 2 shall be a member ex-officio of the Executive Council and
- 3 shall preside at its meetings. He shall perform such duties
- 4 as may be imposed upon him, by this Constitution, by
- 5 the By-Laws of the Association, by resolution of the General
- 6 Convention and by the direction of the Executive Council.
- 7 He shall make a formal Annual report to the General
- 8 Convention at its Annual Session summarizing the general
- 9 condition of the Association.
- 10

Vice-President.

Section 2.

Duties
of
Vice-
President

New

- 1 The Vice-President shall during the absence or inability of
- 2 the President perform the duties of the President, except
- 3 that of presiding over the Executive Council, and in case of
- 4 the death or resignation of the President he shall become
- 5 the President of the Association for the unexpired term.

State and Group Vice-Presidents.

Section 3.

State and
Group
Vice-
Presidents

- 1 The members of the American Bankers' Association in each
- 2 State having a State Bankers' Association, and one hundred
- 3 or more members of this Association, shall annually elect
- 4 a State Vice-President, in such manner as shall be prescribed

REVISION OF THE CONSTITUTION—Continued

Their Election	5	ed by the By-Laws. It shall be the duty of State Vice-Presi-
	6	dents to preside at meetings of the members of this Associa-
Duties	7	tion in their respective States, and to enforce the rules
	8	and regulations of this Association as to such membership.
Terms of Office, etc.	9	The General Convention may by By-Law provide for additional
	10	Vice-Presidents with similar duties for Groups of States,
New	11	which separately do not come within the foregoing classifi-
	12	cation. State and Group Vice-Presidents shall hold office
Compare Election with Nomination	13	from the opening of the Annual Session of the General Conven-
	14	tion first ensuing after their election, to the opening of the
	15	Annual Session of the General Convention then next ensuing.

ARTICLE V.

Executive Council.

Section 1.

Authority	1	The administration of the affairs of the Association during
	2	the interim between sessions of the General Convention, and
Compare Art. III Sec. 1	3	subject to the direction of the General Convention is impos-
	4	ed upon "The Executive Council."

Section 2.

How Composed	1	The Executive Council shall be composed of members elected
	2	by the States, Groups of States, and the District of Colum-
	3	bia, and of the President of the Association, the Vice-Presi-
Compare Art. III Sec. 2	4	dent of the Association, ex-Presidents of the Association
(a) (b) (c)	5	for a period of three years immediately after the expiration
	6	of their terms of office as President, and the Presidents of
	7	the Sections, ex-officio.

Section 3.

1	The elective membership of the Executive Council shall be
---	---

REVISION OF THE CONSTITUTION—Continued

Apportionment of Members	2	apportioned as equitably as may be among the States, in
	3	proportion to the Association membership in each, and such
New	4	apportionment and the time and manner of election shall be
	5	regulated by By-Law.

Section 4.

Qualifications of Members of E. C.	1	A member of the Executive Council shall have the same quali-
	2	fications as delegates to the General Convention, and shall
Compare Art. III Sec. 2, c	3	forfeit such membership by removal from the State, Group or
	4	District by which he shall have been elected, or by the loss
	5	of any qualification required of a delegate.

Term of Office.

Section 5.

Term of Office	1	The term of office of the elected members of the Executive
	2	Council shall be three years beginning with the meeting of
	3	the Executive Council provided for in Article V, Section 8,
	4	hereof, then next ensuing, after such members' election.
Vacancies	5	Any vacancy in the elective membership occasioned by death,
	6	resignation or other cause shall be filled by the proper
	7	State, Group or District as members of the Executive Council
	8	are chosen, but for the unexpired term only, and no person
Ineligibility	9	who shall have served a full term of three years as a
New	10	member of the Executive Council shall be eligible to membership
Compare Art. III Sec. 5	11	in the Executive Council for any term beginning with
	12	the expiration of such full term.

Classes of Elective Membership.

Section 6.

1	The Council shall be composed as nearly as may be of three
2	equal classes of elected members, namely; members having one

REVISION OF THE CONSTITUTION—Continued

Classes 3 year to serve; members having two years to serve and members
 4 having three years to serve. If at any time these classes
 5 vary in numbers so as to materially interfere with an annual
 6 one-third change in the elected membership of the Executive
Compare 7 Council, the Council shall direct in the succeeding elections
Art. III 8 such variations in terms of members to be elected as shall re-
Sec. 5 9 store equality in numbers of members in the classes as nearly
 10 as may be.

Section 7.

New 1 The President of the Association shall be Chairman of the Ex-
 2 ecutive Council, and in his absence, the Executive Council
 3 shall elect one of its members as Chairman pro tem.

Meetings of Executive Council.

Section 8.

New 1 The Executive Council shall meet in session for organiza-
Compare 2 tion and other duties, immediately after the final adjourn-
Art. III 3 ment of the Annual Session of the General Convention, and at
Sec. 7 4 such other times as the Council may determine. Special meet-
 5 ings of the Executive Council may be called upon the request
 6 of ten of its members, made in writing to the General Secre-
 7 tary, whereupon the General Secretary shall give two weeks
 8 notice to the members of the time and place of such meeting.
 9 A majority of the members of the Council shall constitute a
 10 quorum.

Section 9.

Elect 1 The Executive Council at the meeting provided for in Section
Officers 2 8, of this Article, shall elect a General Secretary and as-
 3 sistant Secretaries, a General Counsel and a Treasurer, and

REVISION OF THE CONSTITUTION—Continued

Compare
Art. III
Sec. 7

3 shall appoint or authorize the appointment of such other em-
4 ployees as the Council may deem necessary and at its discre-
5 tion the Council may remove any or all of such officers and
6 employees from office or employment.

Section 10.

Duties
of
Executive
Council

1 The Executive Council shall have in charge the business of
2 the Association subject to the control and direction of the
3 General Convention; it shall execute the directions and reso-
4 lutions of the General Convention not otherwise executed or
5 provided for; it shall arrange for the holding of and programs
6 for the Annual and Special Sessions of the General Convention,
7 and shall provide for the taking and preserving of the records
8 and proceedings of all such sessions; it shall provide for the
9 taking and preserving of the records of its own proceedings,
10 and exhibit the same to the General Convention when so directed;
11 it shall have charge of the finances of the Association, author-
12 ize and pay all proper expenses of the Association; make appro-
13 priations and scrutinize the disbursements thereof, but no ap-
14 propriations or disbursements shall be made in excess of the
15 revenues of the Association; fix the amounts of all salaries
16 and compensations paid directly or indirectly from the funds of
17 the Association; supervise and control the receipt and disburse-
18 ment of all moneys of the Association; require detailed state-
19 ments of all moneys expended with the proper vouchers therefor;
20 Audit or cause to be audited annually all receipts and disburse-
21 ments, and submit a statement of all receipts and disbursements
22 to the Annual Session of the General Convention, together with
23 a certificate by the Auditors as to the correctness of the state-
24 ment and that the requirements of this Section have been com-
25 plied with: It shall if required submit to the Annual Session of

New
and Compare
Art. III
Secs. 8, 10

REVISION OF THE CONSTITUTION—Continued

26 the General Convention an estimate of the probable expendi-
 27 tures for the current fiscal year and a schedule of propos-
 28 ed appropriations therefor: It shall designate the deposi-
 29 taries for all Association funds; provide a custodian for
 30 the care of all securities of the Association; and shall
 31 submit to the Annual Session of the General Convention a
 32 report covering the official acts and proceedings of the
 33 Executive Council for the part of the year ending with the
 34 beginning of the Annual Session then assembled.

Officers' Duties.

General Secretary.

Section 11.

1 The General Secretary shall make and have charge of all rec-
 2 ords of the Association, of the Executive Council, and Stand-
 3 ing Protective Committee. He shall have charge of the offic-
 4 es and property of the Association, and have supervision of
 5 all subordinate officers and employees. He shall furnish
 6 upon request information on any subject within his jurisdic-
 7 tion to the General Convention, the Executive Council, the
 8 Sections and Committees. He shall make report to the Execu-
 9 tive Council of the conduct of his office including a detail-
 10 ed statement of the expenditures of and for his office, and
 11 the amounts appropriated therefor, also a statement of all
 12 salaries and compensations paid either directly or indirectly
 13 from funds of the Association. He shall make a general report
 14 to the General Convention. He shall perform all duties im-
 15 posed upon him by the Constitution and By-Laws and shall be
 16 subject to the directions of the General Convention and the
 17 Executive Council.

Compare
 Art. III
 Sec. 11

REVISION OF THE CONSTITUTION—Continued

General Counsel.

Section 12.

Compare
Art. III
Sec. 14

1 The General Counsel shall be under the direction of and
2 shall report to the Executive Council and shall make a re-
3 port at the annual session of the General Convention of the
4 Association. He shall have custody of and be responsible
5 for the documents, records and property of the Association
6 pertaining to his office. He shall have authority to employ
7 such clerical and other assistants as may be authorized by
8 the Executive Council, and incur such expenses as may be nec-
9 essary, within the limits of the appropriation made by the
10 Executive Council for the conduct of his office. His duties
11 shall include in addition to the performance of specific
12 services which may from time to time be devolved upon him
13 by the Executive Council or General Convention, the render-
14 ing of legal advice and assistance to the various sections,
15 committees and officers of the Association, and the giving
16 of legal advice to the members of the Association as may be
17 proper and practicable. In case of doubt whether specific
18 services called for by members come within the scope of his
19 duties, he shall obtain the decision thereon of the Execu-
20 tive Council, or of the Administrative Committee.

Treasurer.

Section 13.

Compare
Art. III
Sec. 12

1 The Treasurer shall collect all dues, receive and account
2 for all moneys due to the Association, pay out moneys only
3 upon vouchers countersigned and approved by the General
4 Secretary and by the President of the Association or by
5 a member of the Finance Committee of the Executive Council

REVISION OF THE CONSTITUTION—Continued

6 duly designated by that Committee for that purpose, and in
 7 case of vouchers for expenses incurred by a Committee, or a
 8 Section, only when such vouchers shall have received the
 9 additional approval of the Chairman of such Committee, or
 10 the Chairman of the Executive Committee of such Section, and
 11 no moneys shall at any time be paid out by the Treasurer in
 12 excess of the appropriation made for any office, committee,
 13 section, or other purpose. He shall pay no appropriations
 14 in bulk, but only upon proper vouchers representing services,
 15 expenses, or cost of materials, and any balance of any appro-
 16 priation not so withdrawn at end of the fiscal year shall re-
 17 vert to the general fund.

Bonds.

Section 14.

Compare Art. III Sec. 13	1	The General Secretary, Treasurer, Custodian of Securities
	2	and Assistant Secretary shall each give to the American
	3	Bankers' Association a bond in amount and form satisfactory
	4	to the Executive Council.

Permanent Council Committees.

Section 15.

New	1	The Executive Council shall create the following permanent
	2	Council Committees.
	3	(a) The Committee on Law.
	4	(b) The Committee on Federal Legislation.
	5	(c) The Committee on Membership.
	6	(d) The Administrative Committee.
	7	(e) The Finance Committee.
	8	(f) The Protective Committee.

REVISION OF THE CONSTITUTION—Continued

9 No member of the Executive Council shall be a member of more
 10 than one of the Permanent Council Committees at the same
 11 time.

(a) 1 The Executive Council at its first meeting after the adop-
 2 tion of this Section shall elect from its membership two
 3 persons from the one year class, two persons from the two
 4 year class and two persons from the three year class, who
 5 shall constitute *THE COMMITTEE ON LAW*, and whose membership
 6 shall expire with their membership in the Council, and an-
 7 nually thereafter shall elect two persons from the three
 8 year class to fill vacancies occasioned by expiration of
 9 term. Any vacancy occurring by death, resignation or other
 10 cause shall be filled by election from the same class for
 11 the unexpired term.

(b) 1 The Executive Council at its first meeting after the adop-
 2 tion of this Section as aforesaid, shall elect from its mem-
 3 bership, two persons from the one year class, two persons
 4 from the two year class and two persons from the three year
 5 class, who shall constitute *THE COMMITTEE ON FEDERAL LEGIS-*
 6 *LATION*, and whose membership shall expire with their mem-
 7 bership in the Council, and annually thereafter, shall elect
 8 two persons from the three year class to fill the vacancies
 9 occasioned by the expiration of term. Any vacancy occurring
 10 by death, resignation or other cause shall be filled by
 11 election from the same class for the unexpired term.

(c) 1 The Executive Council at its first meeting as aforesaid,
 2 shall elect from its membership, one person from the one

REVISION OF THE CONSTITUTION—Continued

3 year class, one person from the two year class and one per-
 4 son from the three year class, who shall constitute *THE*
 5 *COMMITTEE ON MEMBERSHIP*, and whose membership shall expire
 6 with their membership in the Council, and annually there-
 7 after, shall elect one person from the three year class to
 8 fill the vacancy occasioned by the expiration of term. Any
 9 vacancy occurring by death, resignation or other cause shall
 10 be filled by election from the same class for the unexpired
 11 term.

(d) 1 The Executive Council at its first meeting as aforesaid,
 2 shall elect from its membership, one person from the one
 3 year class, one person from the two year class, who with
 4 the President of the Association shall constitute *THE AD-*
 5 *MINISTRATIVE COMMITTEE*, and whose membership shall expire
 6 with their membership in the Council, and annually there-
 7 after, shall elect one person from the two year class to
 8 fill the vacancy occasioned by the expiration of term. Any
 9 vacancy occurring by death, resignation or other cause shall
 10 be filled by election from the same class for the unexpired
 11 term.

(e) 1 The Executive Council at its first meeting as aforesaid,
 2 shall elect from its membership, three persons from the one
 3 year class, three persons from the two year class and three
 4 persons from the three year class, who with the Vice-Presi-
 5 dent of the Association as Chairman of the Committee, and
 6 with the Treasurer of the Association, shall constitute *THE*
 7 *FINANCE COMMITTEE*, and whose membership shall expire with
 8 their membership in the Council and term of office, and an-
 9 nually thereafter shall elect three persons from the three

REVISION OF THE CONSTITUTION—Continued

10 year class to fill the vacancies occasioned by the expira-
 11 tion of term. Any vacancy as to elected members, occurring
 12 by death, resignation or other cause shall be filled by el-
 13 ection from the same class for the unexpired term. PROVIDED,
 14 that annually the membership of the members of The Finance
 15 Committee which would otherwise expire at the adjournment of
 16 the Convention, shall for the purpose of the work of this
 17 Committee only, be extended to and conclude with the adjourn-
 18 ment of the first meeting of the Executive Council, held
 19 after the adjournment of the General Convention. AND PROVID-
 20 ED FURTHER, that no member of the Council, being the repre-
 21 sentative of any Section or member of any Committee for which
 22 an appropriation of Association funds is made or may be re-
 23 quested, shall become or remain a member of The Finance Com-
 24 mittee.

- (f) 1 The President of the Association as Chairman of the Execu-
 2 tive Council shall as soon as conveniently may be after his
 3 induction into office as Chairman of the Council, appoint
 4 from the membership of the Council one person from the one
 5 year class, one person from the two year class and one per-
 6 son from the three year class, who shall constitute *THE PRO-*
 7 *TECTIVE COMMITTEE*, and whose membership shall expire with
 8 their membership in the Council, and annually thereafter,
 9 shall appoint one person from the three year class to fill
 10 the vacancy occasioned by the expiration of term, and shall
 11 fill any vacancy occurring from other cause at any time by
 12 the appointment of one member of the Council from the prop-
 13 er class to fill such vacancy. The names of the members of
 14 The Protective Committee shall not be made public.

REVISION OF THE CONSTITUTION—Continued

Duties of Permanent Council
Committees.

The Committee on Law.

Section 16.

(a) 1 The Committee on Law shall have in charge the consideration
2 of statutes, National and State, affecting the powers, pri-
3 vileges and duties of the members of the Association, also
4 the subjects of uniformity of laws and commercial usage, and
5 may for such purposes, as occasion may arise, recommend to
6 the Executive Council and the General Convention, drafts of
7 proposed statutes for their approval, and upon such dual ap-
8 proval shall urge the enactment of such approved drafts
9 through State Organizations as to State Legislation and
10 through the Committee on Federal Legislation as to National
11 Legislation, and shall perform such other duties as may be
12 imposed upon it from time to time by the Executive Council
13 or the General Convention. The Committee shall submit a
14 report in writing to the Executive Council at its meetings,
15 and shall annually submit a report in writing to the General
16 Convention.

Compare
Art. IV
Sec. 3

The Committee on Federal Legislation.

(b) 1 The Committee on Federal Legislation shall receive in charge
2 all resolutions adopted by the General Convention, declaring
3 in favor of, or in opposition to National Legislation upon
4 any subject, and shall by petition, memorial or other proper
5 action further the purposes declared for in such resolutions,
6 and in case of legislative emergency, arising between ses-
7 sions of the General Convention, whereby serious and harmful
8 results to the welfare generally of the Association member-

Compare
Art. IV
Sec. 4

REVISION OF THE CONSTITUTION—Continued

9 ship might result from delay, the Committee shall perform
 10 similar services as to resolutions of similar character
 11 adopted by the Executive Council at its sessions, or by the
 12 Administrative Committee, in case of emergency, in the in-
 13 terim between sessions of the Executive Council. The Com-
 14 mittee on Federal Legislation shall take notice of any Con-
 15 gressional action affecting the interests of the membership
 16 of the Association, and when deemed necessary report the
 17 same to the Executive Council. The Committee shall perform
 18 such other duties as may be imposed upon it by the Council
 19 or by the General Convention, and shall make a full report
 20 of its proceedings to the Executive Council and a general
 21 report to the General Convention.

The Committee on Membership.

(c) 1 The Committee on Membership shall receive and act upon all
 2 applications for admission to membership in the Association.
 3 All charges or complaints against any member of the Associa-
 4 tion made to the Executive Council shall in the first in-
 5 stance be referred to the Committee on Membership for con-
 6 sideration, and recommendation to the Executive Council.
 7 They shall make rules for facilitating admissions of new
 8 members not inconsistent with the Constitution and By-Laws
 9 of the Association, and shall from time to time submit the
 10 results of their action to the Chairman of the Executive
 11 Council.

Compare
 Art. IV
 Sec. 7

The Administrative Committee.

(d) 1 The Administrative Committee shall perform in the interim
 2 between the meetings of the Executive Council, all such

REVISION OF THE CONSTITUTION—Continued

Compare
Art. IV
Sec. 5

3 duties of routine administration only, as shall be enjoined
4 ed upon the Committee by the Executive Council, and such
5 duties enjoined upon the Executive Council in the routine
6 of administration which may not have been otherwise espe-
7 cially provided for by the Executive Council, subject to
8 the approval of the Executive Council, and the said Commit-
9 tee shall report a memorandum of all its proceedings to the
10 Executive Council at its meetings for approval.

11 The Administrative Committee shall, subject to the
12 control of the Executive Council, have general supervision
13 over all Committees, either such as may be created under this
14 Constitution, or by resolution of the General Convention, or
15 by act of the Executive Council or by any Section of the As-
16 sociation, for the purpose only of securing harmonious action
17 and preventing conflicts in jurisdiction. The decision of
18 the Administrative Committee upon any such question shall be
19 final, unless, and until, reversed by the Executive Council
20 at its next meeting. All Committees under the supervisory
21 control of the Administrative Committee shall upon request
22 of the Administrative Committee report any action undertaken
23 to the Administrative Committee.

The Finance Committee.

Compare
By-Law
No. 4

- (c) 1 The duties of The Finance Committee shall be:
- 2 (1) To act as an Auditing Committee with authori-
3 ty to employ competent public accountants, when occasion may
4 require, and to prepare yearly audits of the Association's
5 books for the fiscal year, prior to each annual session of
6 the General Convention.

REVISION OF THE CONSTITUTION—Continued

7 (2) To prepare a statement of funds available and con-
 8 sider and recommend to the Executive Council appropriations
 9 for the use of the Association, the Council, Committees and
 10 the Sections, for salaries, expenses, and such other purpos-
 11 es as may be authorized by the General Convention or Execu-
 12 tive Council, but no appropriations in excess of the probable
 13 amount of membership dues and other income shall be recommend-
 14 ed.

The Protective Committee.

(f) 1 (1) The Protective Committee shall control all action
 2 looking to the detection, prosecution and punishment of per-
 3 sons attempting to cause or causing loss by crime to any mem-
 4 ber of the Association. The said Committee when called upon
 5 for aid by any member of the Association, through the General
 6 Secretary, shall forthwith take such steps as it shall deem
 7 proper to arrest and prosecute the party charged with the
 8 crime, PROVIDED, HOWEVER, that no expense or liability shall
 9 be incurred beyond the amount of funds in the Treasury es-
 10 pecially appropriated for that purpose.

Compare
 Art. IV
 Sec. 2

1 (2) The said Committee and every member of the American
 2 Bankers' Association is prohibited from compromising or com-
 3 pounding with parties charged with crime, or with their
 4 agents or attorneys, a case once committed to the Associa-
 5 tion which results in the apprehension of the criminal.

1 (3) All members of the Association when called upon
 2 by the General Secretary in behalf of the Protective Commit-
 3 tee for information or aid shall promptly respond by giving

REVISION OF THE CONSTITUTION—Continued

4 all assistance in their power, and all members shall at all
 5 times notify the General Secretary, who shall promptly notify
 6 the Committee, of any attempted or accomplished crime reported
 7 to him, as likely to affect other members of the Association.

1 (4) The Protective Committee, at a meeting of the Ex-
 2 ecutive Council, held immediately prior to the annual ses-
 3 sion of the General Convention, shall present to the Presi-
 4 dent of the Association, for report to the Executive Council,
 5 a detailed report of the proceedings of the Committee, to-
 6 gether with a statement of all moneys received from the As-
 7 sociation for the purposes of the Protective Committee, and
 8 a detailed statement of all disbursements authorized by the
 9 Protective Committee, and a statement of all pending con-
 10 tracts entered into by the Committee.

Other Council Committees.

Section 17.

New 1 All other Council Committees shall be elected by the Council
 2 or appointed by the Chairman of the Council, and in his ab-
 3 sence by the Chairman pro tempore, as may be ordered, from
 4 the membership of the Council, and as nearly as may be from
 5 the different classes of the members of the Council, and shall
 6 be distributed equitably to the membership.

Section 18.

Rules 1 The Executive Council may establish such rules for the regu-
 2 lation of Committees, as to times and places of meetings,
 3 expenses to be incurred, and for any other purpose not incon-
New 4 sistent with the provisions of the Constitution and By-Laws
 5 of the Association, or direction of the General Convention
 6 as the Council may deem proper.

REVISION OF THE CONSTITUTION—Continued

Section 19.

Committees Vacated	1	All Committees and Committee memberships existing at the time
	2	of the adoption of this Article whose duties are covered by
	3	the terms of this Article, are abolished and terminated, to
	4	take effect upon the election and appointment of the Commit-
	5	tees provided for in this Article.

ARTICLE VI.

General Convention Committees.

Section 1.

Session Committees	1	Committees created by the General Convention of the Associa-
	2	tion for any purpose of the pending work of the Convention,
	3	shall report during the session of the Convention. Such
Compare Art. IV Sec. 6 (1)	4	Committees shall be appointed by the President unless other-
	5	wise ordered and shall expire upon report made, and in the
	6	absence of report, at the adjournment of the Convention.

Section 2.

Special Committees	1	Special Committees created by the General Convention to which
	2	may be referred any subject for consideration during the in-
	3	terim between sessions of the General Convention, may be ap-
Compare Art. IV Sec. 6 (2)	4	pointed by the General Convention or by the President, and in
	5	the absence of other action, shall be appointed by the Presi-
	6	dent. Such Committees shall, unless otherwise ordered, make
	7	report in writing to the General Convention at the next en-
	8	suuing annual session, and shall expire at such ensuing an-
	9	nuual session, unless continued by action of the General Con-
	10	vention.

Section 3.

1	Standing Committees may be authorized for the consideration
2	of such questions, or the performance of such duties as con-

REVISION OF THE CONSTITUTION—Continued

3 template greater periods of time than an association year.
 4 Upon the authorization by the General Convention of the es-
 5 tablishment of such Standing Committee, its membership shall
 6 be appointed by the Convention or President, as may be or-
Standing 7 dered, in classes of one, two and three years service, and
Committees 8 at each General Convention the vacancies in such Standing

New 9 Committee caused by the expiration of the term of membership
 10 of a class, shall be filled by appointments for a term of
 11 three years, but no member, whose term has expired shall im-
 12 mediately be reappointed upon such Committee, except by the
 13 unanimous vote of the General Convention, and no member of
 14 the Association shall be a member of more than one Standing
 15 Committee at the same time. Standing Committees may report
 16 to the Executive Council, and shall report in writing to the
 17 General Convention, and may at any session of the General
 18 Convention be vacated, and the membership discharged by re-
 19 solution.

Section 4.

1 A special order of business entitled "Committees and Commit-
Special 2 tee Membership" shall be placed on the program of the annual
Order on 3 session of the General Convention, under which order action
Program 4 shall be taken on the continuance of Committees, discharge

New 5 of Committees, appointments of membership of Standing Com-
 6 mittees, filling of vacancies in Standing Committees, and
 7 changes in membership in continued Committees, and all Con-
 8 vention Committees shall be listed under such order.

REVISION OF THE CONSTITUTION—Continued

ARTICLE VII.

Resolutions, etc.

Section I.

Compare
Art. VII
Sec. 1

“Question of
Consideration”
Applied
to
Original
Resolutions

New

1 Resolutions or subject matter to be presented for the con-
2 sideration and action of the General Convention, other than
3 such as may involve points of order, or procedure, or pri-
4 vilege, or matters of courtesy, shall be filed with the Gen-
5 eral Secretary at least fifteen days before the sessions of
6 the General Convention, and shall be submitted by the Gen-
7 eral Secretary to the Executive Council at a meeting of the
8 Council held preceding such Convention, for the approval or
9 disapproval of the Executive Council, and shall be reported
10 by the Executive Council to the General Convention with such
11 approval or disapproval under the appropriate order of busi-
12 ness, for the consideration and action of the General Conven-
13 tion, but any delegate desiring to submit any such resolu-
14 tion or subject matter in any session of the General Conven-
15 tion may present such resolution or subject matter under the
16 appropriate order, and the same shall be read for the infor-
17 mation of the Convention, whereupon, the presiding officer
18 shall, without debate, submit the following question to the
19 Convention: “Shall the resolution (or the subject matter
20 proposed, as the case may be) be considered by the Conven-
21 tion?” If the question shall be determined affirmatively
22 by a vote of a majority of the members present in Convention
23 and voting, the resolution or subject matter shall be in
24 regular order and shall be considered and acted upon accord-
25 ingly, PROVIDED, that this section shall not apply to any
26 proposed amendment of the Constitution, or By-Laws.

REVISION OF THE CONSTITUTION—Continued

ARTICLE VIII.

Currency Commission.

Section 1.

<p>New</p> <p>Compare Resolution Creating Commission</p> <p>Fixing Status of Commission and Determining Membership</p>	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p>	<p>A Currency Commission for the consideration of questions involving the National Currency and the agencies for its administration, is hereby created. The Commission shall be composed of fifteen members of the Association and shall be elected by the Executive Council from the membership of the Association. Vacancies in the Commission occurring by death, resignation or otherwise shall be filled by the Executive Council at the first meeting of the Council after such vacancies shall have occurred. The membership of such Commission shall not be subject to the rules laid down in this Constitution for Committees and such Commission shall continue until otherwise ordered by the General Convention.</p>
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ARTICLE IX.

Nominating Committee.

Section 1.

<p>Compare Art. III Secs. 3, 4, 5</p>	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p>	<p>The members of the American Bankers' Association in each State having a State Bankers' Association, and one hundred or more members of the Association, shall annually elect a member of the Nominating Committee in such manner as shall be prescribed by the By-Laws, and provision may be made by By-Law for additional members of the Nominating Committee for Groups of States not coming within the foregoing classification. It shall be the duty of such Nominating Committee to meet as soon as practicable after the first adjournment of the General Convention, assembled in</p>
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REVISION OF THE CONSTITUTION—Continued

11 annual session, next ensuing after their election, at the
 12 call of the General Secretary of the Association, and or-
 13 ganize by the selection of a Chairman and Secretary from
 14 their number. They shall recommend a candidate or candi-
 15 dates for President of the Association, and a candidate or
 16 candidates for Vice-President of the Association, and the
 17 Nominating Committee shall make report of its recommenda-
 18 tions so made, to the General Convention, at any subse-
 19 quent session of the General Convention, but prior to the
 20 order fixed by program for the election of officers. The
 21 nominations or recommendations made by the Committee shall
 22 not exclude the name of any person otherwise nominated in
 23 the Convention, and under the regular order for the elec-
 24 tion of officers any delegate may place in nomination, any
 25 qualified member for President or Vice-President, or both.

ARTICLE X.

Sections.

Section 1.

New
Compare
Art. IX

1 Sections of the Association may be authorized or confirmed
 2 and regulated by By-Law, for the promotion of the welfare
 3 of the different business classes of the membership, and any
 4 member of the Association may become a member of such Section
 5 as may best benefit such member's business interests, and
 6 when any Section is authorized by By-Law, the same shall up-
 7 on application made, be established by the Executive Council.

Section 2.

1 Sections shall be under the supervision of the Executive
 2 Council, and subject to the directions of the General Con-

REVISION OF THE CONSTITUTION—Continued

New
Compare
Art. IX

3 vention. All By-Laws or Standing regulations of any Section
4 shall, before becoming operative, be approved by the Execu-
5 tive Council. The Sections shall make written report an-
6 nually to the Executive Council and to the General Conven-
7 tion. The Executive Council may make reasonable financial
8 provision for the needs of any Section, and shall control
9 the disbursement of any funds so provided.

ARTICLE XI.

Amendments.

Section 1.

Compare
Art. X
Sec. 1

1 This Constitution may be amended at any Annual Session of
2 the General Convention, by a vote of two-thirds of the mem-
3 bers present and voting, notice of the proposed amendment
4 having been submitted to the General Secretary at least thir-
5 ty days before such Annual Session, and the General Secretary
6 shall forward to every member of the Association a copy of
7 such proposed amendment, at the same time the notice of such
8 Sessions are sent out, and the General Secretary shall sub-
9 mit all amendments to the Executive Council, that they may
10 arrange to bring them before the General Convention under
11 the regular order of business.

12 Any proposed amendment to the Constitution may be
13 itself amended in General Convention by a two-thirds vote of
14 the members voting.

REVISION OF THE CONSTITUTION—Continued

BY-LAWS.

First:

No
Change

- 1 The annual dues to the Association shall become due and payable
- 2 in advance September 1st of each year, which date shall be the
- 3 commencement of the fiscal year of the Association.

Amend By-Law Second by striking out and
inserting so that it shall read as follows:

Second:

Compare
By-Law
No. 2

- 1 The annual dues of the members of this Association, including
- 2 annual subscription to its monthly JOURNAL -BULLETIN, shall be
- 3 \$10 for banks and trust companies having an aggregate capital
- 4 and surplus of less than \$100,000; \$20 for banks and trust
- 5 companies having an aggregate capital and surplus of \$100,000
- 6 and less than \$250,000; \$25 for banks and trust companies hav-
- 7 ing an aggregate capital and surplus of \$250,000 and less than
- 8 \$500,000; \$30 for banks and trust companies having an aggre-
- 9 gate capital and surplus of \$500,000 and less than \$750,000;
- 10 \$40 for banks and trust companies having an aggregate capital
- 11 and surplus of \$750,000 and less than \$1,000,000; \$50 for
- 12 banks and trust companies having an aggregate capital and sur-
- 13 plus of \$1,000,000 and less than \$5,000,000; \$75 for banks
- 14 and trust companies having an aggregate capital and surplus of
- 15 \$5,000,000 and over. These rates shall apply to savings banks
- 16 without capital according to their surplus or reserve fund and
- 17 to private bankers and banking firms according to capital em-
- 18 ployed. Dues of associate members and branch banks having
- 19 separate capital, shall be in all respects the same as the
- 20 foregoing. The annual dues of branch banks without separate

REVISION OF THE CONSTITUTION—Continued

21 capital, Chapters of the American Institute of Banking and
 22 Secretaries of State Bankers' Associations shall be \$10.
 23 The annual dues of members who do not subscribe to
 24 the JOURNAL-BULLETIN shall in each case be One Dollar less than
 25 the amounts above specified.

Third:

No
Change

1 The official publication of the Association shall be issued
 2 monthly under the direction of the General Secretary and the
 3 General Counsel and shall be called the JOURNAL OF THE AMERI-
 4 CAN BANKERS' ASSOCIATION. Subscription price for such publi-
 5 cation shall be one dollar a year. Out of the annual dues of
 6 each member who subscribes therefor, provided in By-Law Second,
 7 there shall be set aside the sum of one dollar in payment of
 8 each such member's annual subscription which shall be actually
 9 used for the purpose of said publication.

Amend by striking out By-Law Fourth and
 inserting new By-Law Fourth as follows:

Fourth:

Compare
Art. III
Sec. 3,
etc.

(a)

1 Members of the Executive Council shall be apportioned among
 2 the several States under the jurisdiction of the American
 3 Bankers' Association as follows:
 4 Each State having a State Bankers' Association and having one
 5 hundred or more members of the American Bankers' Association
 6 within its boundaries, shall be entitled to one member in
 7 the Executive Council for the first one hundred members in
 8 each such State at the close of the preceding fiscal year
 9 August 31st, and shall be entitled to one additional member
 of said Council for each additional two hundred members.

REVISION OF THE CONSTITUTION—Continued

- (b) 1 Such member or members of the Executive Council to which
2 each such State is entitled, shall be elected by a majority
3 vote, taken by ballot, of the members of the American Bank-
4 ers' Association attending the Annual Convention of the State
5 Bankers' Association of such States. For such purpose the
6 State Vice-President of the American Bankers' Association in
7 each such State shall call a meeting of the members of the
8 American Bankers' Association at the time and place of such
9 State Convention and shall preside at such meeting. In
10 the absence of the State Vice-President, any three members
11 of the American Bankers' Association attending such Conven-
12 tion may call such meeting, and those in attendance shall
13 elect a presiding officer. At such meeting the members of
14 the American Bankers' Association in attendance shall vote,
15 in person only, from a list certified by the General Secre-
16 tary of the Association to the Secretary of the State Bank-
17 ers' Association. The General Secretary of the American
18 Bankers' Association shall certify to such meeting the num-
19 ber of members of the Executive Council to be elected at such
20 meeting, and the term of office for which they shall be elec-
21 ted. The Secretaries of the respective State Bankers' Asso-
22 ciations shall certify the elections made at such meetings to
23 the General Secretary of the American Bankers' Association,
24 within a period of thirty days after such election, and be-
25 fore the date of the General Convention of the American Bank-
26 ers' Association, then next ensuing, and the persons so cer-
27 tified as elected shall be entered upon the records of the
28 American Bankers' Association by the General Secretary as
29 the persons duly elected from such State to the Executive
30 Council. Any contest arising from such election shall be

REVISION OF THE CONSTITUTION—Continued

31 heard and determined by the Executive Council; PROVIDED,
 32 that there shall be one member of the Executive Council el-
 33 ected by the members of the American Bankers' Association,
 34 located in the District of Columbia, irrespective of any re-
 35 quirements as to the number of members of the American Bank-
 36 ers' Association within said District, and such election
 37 shall be held and certified by the officers of the meeting
 38 held for that purpose to the General Secretary, as in case
 39 of States aforesaid.

(c) 1 States having less than one hundred members of the American
 2 Bankers' Association within their respective borders and
 3 which are not hereinbefore provided for, shall be Grouped
 4 as follows, to-wit:

New

5 Group No. 1, shall be composed of the States of
 6 Vermont and New Hampshire.

7 Group No. 2, shall be composed of the States of
 8 Rhode Island and Delaware.

9 Group No. 3, shall be composed of the States of
 10 Arizona and New Mexico.

11 Group No. 4, shall be composed of the States of
 12 Nevada, Utah and Wyoming.

13 Each of these Groups shall be entitled to one mem-
 14 ber of the Executive Council. The members of the Associa-
 15 tion in each of the States comprised in said Groups shall
 16 appoint a conferee, who shall meet with conferees from the
 17 other States in the same Group, and the Vice-President for
 18 such Group presiding if present, shall elect a member of
 19 the Council for the said Group, each conferee being entitled
 20 to cast in such election as many votes as there were members
 21 of the Association in his State on the last preceding 31st.,

REVISION OF THE CONSTITUTION—Continued

22 day of August, and the Secretary of such Board of Conferees
 23 shall certify the election made at such meeting of conferees
 24 to the General Secretary of the American Bankers' Associa-
 25 tion, within a period of thirty days after such election, and
 26 before the date of the General Convention of the American
 27 Bankers' Association then next ensuing, and the persons so
 28 certified as elected shall be entered upon the records of
 29 the American Bankers' Association by the General Secretary,
 30 as the persons duly elected from such Groups as members of
 31 the Executive Council. In such elections the selection shall
 32 rotate so that each State in such Group, shall in turn have
 33 a member of the Executive Council elected from its membership.
 34 Any contest arising from such election shall be heard and
 35 determined by the Executive Council, PROVIDED, that members
 36 of the Executive Council, from any State in any such Group
 37 at the time of the adoption hereof, shall be and remain the
 38 member of the Executive Council for the Group to which his
 39 State is attached until the expiration of his then term of
 40 office as a member of the Executive Council.

Amend by striking out By-Laws Fifth and Sixth
 and inserting new By-Laws Fifth and Sixth as
 follows:

Fifth:

1 Each State and Group as classified in By-Law IV, shall at
 2 the time and place of the election of members of the Execu-
 3 tive Council for such State or Group, elect one person as
 4 Vice-President for the State or Group, and one person as a
 5 member of the Nominating Committee for such State or Group,
 6 and such election shall be certified to the General Secre-

Compare
 Art. III
 Sec. 3
 A, B

REVISION OF THE CONSTITUTION—Continued

7 tary of the American Bankers' Association by the Secretaries
 8 of the respective State Bankers' Associations, and the Sec-
 9 retary of the meeting of Group Conferees, on or before the
 10 date of the General Convention of the American Bankers' As-
 11 sociation then next ensuing.

Sixth:

Compare
 Art. IX

- 1 Sections of the Association as heretofore authorized and es-
 2 tablished are hereby confirmed, namely:
- (a) 1 A Trust Company Section whose scope shall embrace all matters
 2 of interest to Trust Companies.
- (b) 1 A Savings Bank Section whose scope shall embrace all matters
 2 relating to Institutions receiving savings deposits.
- (c) 1 A Clearing House Section whose scope shall embrace all mat-
 2 ters relating especially to work which may be of interest
 3 and advantage to members of this Association which properly
 4 come within the scope of Clearing Houses.
- (d) 1 An American Institute of Banking Section whose scope shall
 2 embrace all matters relating to the work of the Institute
 3 of Banking.
- (e) 1 A State Secretaries Section which shall be composed of Sec-
 2 retaries of State Bankers' Associations who are members of
 3 this Association. The scope of this Section shall embrace
 4 all matters relating to State Bankers' Associations.

REVISION OF THE CONSTITUTION—Continued

- New** 1 And the following additional Sections are hereby authorized:
- (f) 1 A National Bank Section whose scope shall embrace all matters
 2 of interest to National Banks.
- (g) 1 A State Bank Section whose scope shall embrace all matters
 2 of interest to State Banks.
- 1 Salaries and compensations of Secretaries and employees of
 2 Sections shall be fixed by the Executive Council, and all
 3 such officers and employees shall be subject to the super-
 4 vision of the General Secretary and the Executive Council.

Add By-Laws Seventh, Eighth and Ninth
as follows:

Seventh.

- New** 1 Upon proper demand made for a call of the Roll of the Conven-
 2 tion upon any pending question, the presiding officer shall
 3 announce the Call and submit the question, whereupon the Vice-
 4 President (or in his absence a Chairman selected in his stead)
 5 of each State and Group, shall poll the votes of the delegates
 6 in Convention from such State or Group, and as the Roll of
 7 States and Groups is called, arise in place and announce the
 8 vote as polled. If the vote so announced is challenged, the
 9 General Secretary shall poll the vote of such State or Group
 10 and announce the result. Any members not included in any
 11 State or Group may announce their votes at end of call of
 12 States and Groups.

REVISION OF THE CONSTITUTION—Continued

Eighth.

New

- 1 The Association year shall begin after the order of "election
- 2 and installation of officers" in the proceedings of each An-
- 3 nual Session of the General Convention, and shall continue
- 4 until the same order in the proceedings of the Annual Session
- 5 of the General Convention next thereafter succeeding.

Ninth.

Compare
By-Law
"Sixth"

- 1 These By-Laws may be amended by the General Convention in
- 2 Annual Session, by a two-thirds vote of the members present
- 3 and voting, or by a three-fourths vote of the entire member-
- 4 ship of the Executive Council, but such amendment made by the
- 5 Executive Council shall not be operative until approved by
- 6 the General Convention by a majority vote at its next annual
- 7 session.

R. E. JAMES, CHAIRMAN

W. J. BAILEY O. E. DUNLAP C. H. McNIDER GORDON JONES

SOL. WEXLER

COMMITTEE

PROGRAM OF THE BOSTON CONVENTION.

(Subject to change.)

BUSINESS SESSIONS OF THE ASSOCIATION.

MONDAY, OCTOBER 6, 1913.

In the forenoon, Committee Meetings at the Copley-Plaza Hotel.

At 2 o'clock p. m., Executive Council Meeting at the Copley-Plaza Hotel.

TUESDAY, OCTOBER 7, 1913.

Section Meetings.

WEDNESDAY, OCTOBER 8, 1913.

FIRST DAY'S SESSION.

At Symphony Hall.

Convention called to order at 9:30 o'clock a. m., sharp by the First Vice-President, Arthur Reynolds.

Invocation.

Addresses of welcome.

Thomas P. Beal, President Boston Clearing House.

Hon. John F. Fitzgerald, Mayor of Boston.

Response to addresses of welcome and annual address: Arthur Reynolds, Des Moines, Iowa, First Vice-President.

Memorial to Charles H. Huttig:

Opening response, F. O. Watts, ex-President American Bankers Association.

Annual report of the General Secretary:

Fred. E. Farnsworth, New York City.

Annual report of the Treasurer:

J. Fletcher Farrell, Chicago, Ills.

Annual report of the General Counsel:

Thomas B. Paton, New York City.

Annual report of the Executive Council:

Thomas J. Davis, Cincinnati, Ohio, Chairman.

Annual report of the Standing Protective Committee: Fred. E. Farnsworth, Secretary.

11 O'CLOCK.

Report of the Currency Commission of the American Bankers Association:

A. B. Hepburn, New York City, Chairman.

Discussion and Debate led by members of the Currency Commission.

Announcements.

Recess for luncheon.

WEDNESDAY, OCTOBER 8, 1913.

AFTERNOON SESSION.

2 O'CLOCK.

Reports of Sections:

Trust Company.

Savings Bank.

Clearing House.

American Institute of Banking.

State Secretaries.

3 O'CLOCK.

Report of Committee on Constitutional Revision:

Robert E. James, Easton, Pa., Chairman.

Announcements.

Adjournment.

THURSDAY, OCTOBER 9, 1913.

SECOND DAY'S SESSION.

At Symphony Hall.

Convention called to order at 9:30 o'clock sharp by the First Vice-President, Arthur Reynolds.

Invocation.

Agricultural Symposium:

Report of the Committee on Agricultural and Financial Development and Education:

Joseph Chapman, Minneapolis, Minn., Chairman.

Addresses:

James J. Hill, St. Paul, Minn., "Agriculture in the United States."

Dr. George E. Vincent, President of the University of Minnesota, "The Tendency Toward Practical Education."

Sam Jordan of Pettis County, Mo., "The County Agent."

Debates and Questions.

Action on report.

Announcements.

Recess for luncheon.

THURSDAY, OCTOBER 9, 1913.

AFTERNOON SESSION.

2 O'CLOCK.

Reports of Committees.

Invitation for next convention.

Unfinished business.

Communications from Executive Council.

Resolutions.

Report of Committee on Nominations.

Action on same.

Installation of officers.

Announcements.

Adjournment, *sine die*.

At the close of the Convention a meeting of the new Executive Council for organization will be held at the Copley-Plaza Hotel.

Trust Company Section.

TUESDAY, OCTOBER 7TH, 1913.

Copley-Plaza (Ball Room).

ORDER OF PROCEEDINGS.

10 O'CLOCK A. M.

Meeting called to order by the President of the Section.

Prayer by the Rev. Walter E. Clifton Smith, Rector St. Mary's Church, Dorchester.

Annual address of the President, William C. Poillon, Vice-President Bankers Trust Company, New York.

Report of the Executive Committee—Ralph W. Cutler, President Hartford Trust Company, Hartford, Conn., Chairman.

Report of the Secretary—Philip S. Babcock.

Report of the Committee on Legislation—William C. Poillon, Chairman.

Report of the Committee on Protective Laws—Lynn H. Dinkins, President Interstate Trust and Banking Company, New Orleans, La., Chairman.

Address—

The Hon. Samuel McCall of Massachusetts.
Roberts Walker of New York.

Topics for Discussion.

The following subjects have been selected as of interest to the Section, and it is hoped that they may promote active discussion by the members present, who are urged to speak freely upon them:

1. "Advantages of Co-operative Publicity of Trust Company Functions."
2. "Annuities and Pension Funds for Employees."
3. "A Model Trust Company Law."

General Discussion of such other topics as may be proposed, and may have the approval of the presiding officer.

Roll-Call of States, to be answered by the Vice-Presidents of the Section in brief written reports dealing with the history of the trust companies in the several states during the preceding year, and with the conditions under which they are now pertaining to them. (Vice-Presidents may be heard from in brief addresses amplifying or explaining any topics contained in their reports by giving previous notice of their intention to the Secretary.)

Election and Installation of Officers.

Unfinished Business.

Savings Bank Section.

TUESDAY, OCTOBER 7TH, 1913.

COPLEY HALL.

ORDER OF PROCEEDINGS

10 O'CLOCK A. M.

Meeting called to order by the President of the Section.

Invocation.

Greetings.

President's Address—R. C. Stephenson, Vice-President St. Joseph County Savings Bank, South Bend, Indiana.

Report of Executive Committee—Wm. E. Knox, Comptroller Bowery Savings Bank, New York City, Chairman.

Report of Secretary—E. G. McWilliam, 5 Nassau Street, New York City.

Report of Law Committee—John H. Sturgis, Treasurer Franklin Savings Bank, Boston, Chairman.

Report of Membership Committee—George E. Edwards, President Dollar Savings Bank, New York City, Chairman.

Report of Committee on School Savings Banks—N. F. Hawley, Treasurer Farmers and Mechanics Savings Bank, Minneapolis, Minn., Chairman.

Address.

Appointment of Nominating Committee.

2:30 O'CLOCK P. M.

Report of Committee on Methods and Systems—V. A. Lersner, Assistant Cashier, Williamsburgh Savings Bank, Brooklyn, N. Y., Chairman.

Address—Wm. J. Burns, of the Wm. J. Burns National Detective Agency, New York.

Address.

Report of Nominating Committee.

Election of President, Vice-President, three members of Executive Committee to serve three years, and State Vice-Presidents.

Installation of Officers.

Meeting of Executive Committee immediately following adjournment.

Clearing House Section.

TUESDAY, OCTOBER 7TH, 1913.

Copley-Plaza (The Salon).

ORDER OF PROCEEDINGS.

10 O'CLOCK A. M.

Meeting called to order by the President of the Section.

Invocation.

Annual Address of the President—Ralph Van Vechten, Vice-President Continental and Commercial National Bank, Chicago, Ill.

Annual Report of Executive Committee—A. O. Wilson, Vice-President State National Bank, St. Louis, Mo., Chairman.

Annual Report of the Secretary—O. Howard Wolfe. Address "The Incorporation of Clearing Houses"—Carl Meyer, of Chicago.

Address "Extension of Clearing House Examinations"—Speaker to be announced.

AFTERNOON SESSION.

2:30 O'CLOCK P. M.

Call to Order.

Address "Needed Reforms in Check Collection Laws and Methods."—Raymond B. Cox, Assistant Cashier, Fourth National Bank, New York City.

Nominations and Elections for:

President.

Vice-President.

Members of Executive Committee.

Call of Cities.

Questions and Discussions.

Installation of Officers Elected.

State Secretaries Section.

TUESDAY, OCTOBER 7TH, 1913.

Copley-Plaza (State Dining Room).

ORDER OF PROCEEDINGS.

10 O'CLOCK A. M.

Meeting called to order by the President of the Section.

Invocation.

Address of Welcome—George W. Hyde, Secretary Massachusetts Bankers Association.

Response—F. H. Colburn, Secretary California Bankers Association.

President's Address—W. C. Macfadden, Secretary North Dakota Bankers Association.

Report of Secretary-Treasurer—W. B. Harrison, Secretary Oklahoma Bankers Association.

"The Limits of the Secretary's Field"—Andrew Smith, Secretary Indiana Bankers Association.

Discussion of the above topic.

"Should an Association Publish a Monthly Journal?" This topic will be viewed from the following angles:

- (A) Is such publication an intrusion on private publishers?

- (B) Does the average State Association Publication return a profit, or is it an expense?
 (C) Is it unethical for a State Association to solicit advertisements from banks for its publication?

(Answers to the above question will be sought from the Secretaries for Kansas, Michigan, North Dakota, Ohio, Texas, and any other States having Association Publications).

Discussion of the above topic.

"The Secretary's Part in the Better Farming Movement"—George H. Richards, Secretary Minnesota Bankers Association.

Discussion of the above topic.

Experience Meeting and General Suggestions.
 New Business.

Election and Installation of Officers.

Adjournment.

ENTERTAINMENT PROGRAM.

MONDAY, October 6:

- 9—10 a. m. Automobiles leave Copley Square for three-hour trips:
 1. Through Boston.
 2. Through the Metropolitan Park System.
 3. To Concord and Lexington.
 4. Along the North Shore.
 1—2 p. m. Motor trips starting from Copley Square.
 8 p. m. Carnival on Charles River Basin.

TUESDAY, October 7:

- 9—10 a. m. Motor trips starting from Copley Square.
 1—2 p. m. Motor trips starting from Copley Square.
 9 p. m. Reception and Ball—Symphony Hall.
 11 p. m. Buffet Supper—Horticultural Hall.

WEDNESDAY, October 8:

- 9—10 a. m. Motor trips starting from Copley Square.
 1—2 p. m. Motor trips starting from Copley Square.
 8 p. m. Historical meetings.
 Faneuil Hall (1763).
 7—8 p. m. Concert of American airs by First Corps of Cadets Orchestra.
 8 p. m. Address on the historic value of the "Cradle of Liberty," by Honorable Robert Luce, formerly Lieutenant Governor of Massachusetts.
 Patriotic selections by the Weber Male Quartette.
 Old South Meetinghouse (1729).
 8 p. m. Singing by Harvard Male Quartette.
 Concert of American compositions by Daggett's Orchestra.
 Address on the history of the building.
 Speaker to be announced later.
 Christ Church (1723).
 7.15 p. m. The chime of bells, obtained in England in 1744, will be rung for forty minutes—a total of 550 changes—by a guild of English bell ringers who have headquarters at the church.
 Music in charge of Mr. Arthur W. Thayer.
 8 p. m. Address by Dr. George Hodges, Dean of the Episcopal Theological School in Cambridge.
 After the exercises in the church a descendant of Paul Revere will climb the belfry tower and hang two lanterns from it in memory of April 18, 1775.

King's Chapel (1754). (Church established 1686.)
 8 p. m. Organ concert by Mr. Malcolm Lang.

Address by Honorable John D. Long, formerly Governor of Massachusetts.
 Singing by Pilgrim Male Quartette. Among other selections the audience will be asked to join in singing will be the famous hymn "Our Fathers," written by Rev. John Pierpont Morgan, great-grandfather of Mr. John Pierpont Morgan.

THURSDAY, October 9:

- 9—10 a. m. Motor trips starting from Copley Square.
 1—2 p. m. Motor trips starting from Copley Square.
 8.15 p. m. Symphony Hall—Special concert by the Boston Symphony Orchestra.

FRIDAY, October 10:

- 10.30 a. m. Special cars leave Copley Square for Rowe's Wharf.
 11 a. m. Three steamers of the Nantasket Line leave for a sail among the islands.
 Music by an orchestra of ten pieces on each boat. Books containing the words of popular songs will be distributed and a quartette will lead the singing.
 12—1 p. m. Arrive at Nantasket Beach.
 1—3 p. m. "Shore Dinner" in Paragon Park.
 Music by a band of thirty pieces.
 3.30 p. m. Boats leave Nantasket for an inspection of the inner harbor and the Navy Yard.
 5 p. m. Steamers arrive Rowe's Wharf.

Notes.

Under the auspices of the Historical and Church Committee arrangements have been made so that during the entire week the visitors will have special privileges at the State House, Bunker Hill Monument, the Museum of Fine Arts and other places of interest. Special guides will await the visitors at all these places.

The Commandant of the Navy Yard will extend all courtesies, and two United States battleships will lie at anchor in the harbor for inspection.

Throughout the city and the suburbs every place of historic interest will be plainly marked.

The Committee on Clubs will make all possible arrangements for the comfort of guests of the convention.

Guides will be furnished to conduct parties of visitors about Harvard University.

Visitors will be welcomed at a number of the largest industrial plants of Boston and nearby cities.

There will be a committee of Boston hostesses to greet the visiting ladies and assist in their entertainment. In addition to the automobile trips, the carnival, the reception, ball and supper, the historical meetings, the Symphony Concert, and the excursion and shore dinner, all of which will prove as delightful to the ladies as to the gentlemen, there will be for the ladies a number of other events, including teas at the Brae-Burn and Brookline Country Clubs, and probably a concert at the New England Conservatory of Music.

HOTEL ACCOMMODATIONS.

ALL arrangements for hotel accommodations in Boston have been handled by the local hotel committee. All hotels furnishing rooms for delegates and guests have placed in the hands of the hotel committee their entire accommodations available. Delegates and guests intending to attend the Convention who have not yet reserved hotel accommodations should write at once to the Chairman of the Hotel Committee, Charles P. Blinn, Jr., care National Union Bank, Boston, Mass.

SPECIAL TRAINS TO THE BOSTON CONVENTION.

WITH each succeeding convention of the American Bankers Association arrangements are more fully completed to take to the convention bankers from their respective localities by special trains of the finest equipment and running on special schedules. The use of the special trains is increasing yearly, and they are meeting with great favor. This year separate special trains will carry bankers from the Southeast, the South, the Southwest, the Pacific Coast, the Northwest, and the Middle West. Most of the trains are scheduled to reach Boston on Sunday, so that guests will have an opportunity to become well settled in their hotels before the beginning of the business of the week.

There are many phases of this plan which are advantageous. The bankers get the best equipment and they are enabled to become thoroughly acquainted with one another before reaching their destination, which adds very greatly to the social features of convention week.

REGISTRATION AT THE CONVENTION.

Hotel Copley-Plaza Headquarters.

Registration in foyer—ground floor.

Members may register for those attending the Convention as follows:

One delegate, who must be an officer, director or trustee of the institution he represents, or a member of a banking firm or a private banker; and for

One guest, who must be a member of the delegate's family or some one connected with his bank, otherwise a charge of \$10 will be made.

For additional guests the payment of \$10 will be required for each registration. All funds so collected are turned over to the local committee at Boston and go toward defraying the expense of the entertainment provided for such guests, and the charge is based on a resolution of the Executive Council.

On arriving at the registration headquarters answer distinctly the questions asked of you by the stenographer.

Should you reside in a place other than where the bank you represent is located, register on account of such bank under the city in which it is located.

If the guest accompanying is not connected with the institution represented, nor a member of the delegate's family, inform the stenographer, after you have registered as a delegate, that you wish to register for an "extra guest" or "extra guests," as the case may be. Separate registration cards will be used for such guests, hence this request.

As indicated above, one person should make the necessary registrations on account of the member bank, banker, or private banking firm. This will prevent an unnecessary attendance at the registration quarters and any possible confusion will thus be avoided.

Read the registration cards that may be handed to you, and then present the same at the proper desk at the headquarters and receive your badges and souvenirs.

The Association will publish daily its own registration list.

REDUCED RAILROAD RATES TO THE CONVENTION.

In the August, 1913, JOURNAL-BULLETIN, an article was published giving information received up to that time, bearing on this matter.

The following additional data is herewith submitted:

Central States—Central Passenger Association: Round trip excursion tickets have been authorized from this territory, and tickets will be sold on October 3, 4, and 5, with final return limited to reach original starting point not later than midnight of October 16. Tickets will require validation by the city or depot ticket agent of the terminal lines at Boston. For information as to through routes and fares, Delegates are referred to the ticket agent at their respective home towns.

Chicago West—Western Passenger Association: Fares—Open rate of two cents per mile in each direction to Chicago, Peoria or St. Louis, added to the fares tendered therefrom, from a limited number of points in Western Passenger Association territory to be selected by the Rate Clerks. Fares made on one gateway to be equalized through other gateways from territory from which it is customary to make such equalizations. Dates of sale and return limit—From points in Illinois, also from Bellevue, Burlington, Clinton, Davenport, Dubuque and Keokuk, Ia., and from Hannibal and St. Louis, Mo., tickets to be sold on October 3-5 inclusive, with final return limit to reach original starting point not later than midnight of October 16, 1913. From other points in Western Passenger Association territory, tickets to be sold on October 2-4 inclusive, with final return limit to reach original starting point not later than midnight of October 17, 1913. Transit limits—Tickets to be limited for going passage commencing date of sale, and for continuous passage in each direction. Form of ticket—Standard Form S to be used. Tickets to be validated by agent of terminal line at Boston. Connecting lines—The foregoing fares and arrangements to be tendered to connecting lines for basing purposes.

Southwest—Southwestern Passenger Association: This Association has reconsidered the matter of reduced rates, and, therefore, the information contained in the August issue of the JOURNAL-BULLETIN, should be considered void. The following conclusion as to reduced rates from this territory has been reached: Open rate of four cents per mile for the round trip from all points in the Southwestern Passenger Association territory up to the gateways of this Association, added to the fares tendered therefrom to Boston, Mass., and return; tickets to be on sale from all points in Southwestern Passenger Association territory October 2, 3, and 4, 1913, EXCEPT that from points in Texas on and west of a line drawn through Amarillo, Big Springs, Eagle Pass and Del Rio, tickets to be on sale October 1, 2, and 3, 1913; tickets to be limited for return to reach original starting point prior to midnight of October 17, 1913. Tickets to be good going commencing date of sale and for continuous passage in each direction.

Delegates traveling on the certificate plan should present such certificates at the registration headquarters in the Copley-Plaza Hotel, immediately upon registering, in order that these certificates may be duly vided. These certificates should be signed in the proper place provided thereon, before depositing the same.

WILLIAM B. GREEN.

WILLIAM B. GREEN died at his home at Avon Lake Village, near Lorain, Ohio, the early part of August, 1913. He was sixty-seven years of age.

Mr. Green was Secretary of the American Bankers Association 1887-92, and before accepting the position of Secretary he was Chief of Division, Office of the Comptroller of the Currency, Washington, D. C.

At the time of his death, and for several years previous thereto, he was engaged in farming.

NOMINATIONS MADE AT CONVENTIONS OF THE VARIOUS STATE BANKERS' ASSOCIATIONS AND CERTIFIED TO THE AMERICAN BANKERS ASSOCIATION TO SEPTEMBER 6, 1913, INCLUSIVE.

Members of the Executive Council.

Alabama: McLane Tilton, Jr., President First National Bank, Pell City.
 Arkansas: Chas. M. Blocker, Treasurer State Savings & Trust Co., Texarkana.
 California: Stoddard Jess, Vice-President First National Bank, Los Angeles.
 Colorado: Harry M. Rubey, Cashier Woods-Rubey National Bank, Golden.
 Connecticut: Martin H. Griffing, Cashier City National Bank, Danbury.
 Georgia: Eugene W. Stetson, President Citizens' National Bank, Macon.
 Iowa: John McHugh, President First National Bank, Sioux City.
 Maryland: W. B. Copper, Cashier Third National Bank, Chestertown.
 Michigan: George E. Lawson, Vice-President People's State Bank, Detroit.
 Minnesota: J. B. Galarneau, Cashier Aitkin County State Bank, Aitkin.
 Montana: W. J. Johnson, Cashier First National Bank, Lewistown.
 New Jersey: Walter M. Van Deusen, Cashier National Newark Banking Co., Newark.
 New York: Cornelius A. Pugsley, President Westchester County National Bank, Peekskill; Delmer Runkle, President People's National Bank, Hoosick Falls.
 Oklahoma: Asa E. Ramsay, Vice-President First National Bank, Muskogee.
 Pennsylvania: B. M. Marlin, Treasurer Union Banking & Trust Co., Du Bois.
 South Carolina: J. Pope Matthews, Cashier Palmetto National Bank, Columbia.
 Texas: George E. Webb, President First National Bank, San Angelo.

Vice-Presidents for the Different States and Territories.

Alabama: George H. Malone, Cashier First National Bank, Dothan.
 Arkansas: Thos. C. McRae, President Bank of Prescott, Prescott.
 California: Joseph D. Radford, Vice-President Los Angeles Hibernian Savings Bank, Los Angeles.
 Colorado: Frank H. Briggs, President Interstate Trust Company, Denver.
 Connecticut: O. H. Brothwell, Cashier First Bridgeport National Bank, Bridgeport.
 District of Columbia: H. H. McKee, Cashier National Capital Bank, Washington.
 Florida: S. J. Harvey, President First National Bank, Milton.
 Georgia: A. C. Blalock, President Bank of Jonesboro, Jonesboro.
 Idaho: A. H. Keller, Cashier First National Bank, Weiser.
 Iowa: J. A. Dunlap, Cashier Keokuk National Bank, Keokuk.
 Kansas: L. A. Mergen, Cashier German National Bank, Beloit.
 Louisiana: Chas. Janvier, President Canal-Louisiana Bank & Trust Company, New Orleans.
 Maine: H. M. Lawton, Cashier National Bank of Gardiner, Gardiner.
 Maryland: Francis M. Wilson, President Pocomoke City National Bank, Pocomoke City.

Massachusetts: Chas. P. Blinn, Jr., Vice-President National Union Bank, Boston.
 Michigan: B. F. Davis, President City National Bank, Lansing.
 Minnesota: W. A. Shaw, President Clearwater State Bank, Clearwater.
 Mississippi: J. W. McGrath, President Commercial Bank & Trust Company, Brookhaven.
 Missouri: J. W. Perry, President Southwest National Bank of Commerce, Kansas City.
 Montana: A. L. Smith, Vice-President National Bank of Montana, Helena.
 New Jersey: Arthur W. Conklin, Cashier Union National Bank, Newark.
 New York: John A. Kloepper, President Union Stock Yards Bank, Buffalo.
 North Carolina: J. C. Braswell, President Planters' Bank, Rocky Mount.
 North Dakota: Lewis F. Crawford, Cashier Interstate Bank of Billings County, Sentinel Butte.
 Oklahoma: F. C. Hoyt, Cashier First Bank of Cestos, Cestos.
 Oregon: Alfred C. Schmitt, Vice-President First National Bank, Albany.
 Pennsylvania: Chas. H. Dickerman, President First National Bank, Milton.
 South Carolina: John W. Simpson, Vice-President Central National Bank, Spartanburg.
 South Dakota: E. J. Miller, Cashier First National Bank, Huron.
 Tennessee: J. F. Hunter, Vice-President Union & Planters' Bank & Trust Company, Memphis.
 Texas: A. W. Wilkerson, Cashier City National Bank, Bryan.
 Virginia: H. R. Booker, President Merchants' National Bank, Hampton.
 Washington: R. L. Rutter, Vice-President Spokane & Eastern Trust Company, Spokane.
 West Virginia: Wylie Beall, President Commercial Bank of Wellsburg, Wellsburg.
 Wisconsin: H. A. Moehlenpah, Cashier Citizens' Bank, Clinton.

Members of Nominating Committee.

Alabama: T. H. Rennie, Director First National Bank, Pell City.
 Arkansas: Geo. W. Rogers, Cashier Bank of Commerce, Little Rock.
 California: L. P. Behrens, Cashier First National Bank, Redwood City.
 Colorado: W. T. Ravenscroft, President Federal National Bank, Denver.
 Connecticut: Chas. E. Hoyt, Treasurer South Norwalk Trust Company, South Norwalk.
 District of Columbia: S. J. Henry, Vice-President & Treasurer United States Trust Co., Washington.
 Florida: J. S. Reese, President Citizens' & People's National Bank, Pensacola.
 Georgia: Edwin Sterne, Vice-President and Cashier First National Bank, Albany.
 Idaho: Guy E. Bowerman, President First National Bank, St. Anthony.
 Iowa: C. H. McNider, President First National Bank, Mason City.
 Kansas: Geo. B. Rose, Cashier Kansas State Bank, Dodge City.
 Louisiana: Geo. W. Bolton, Chairman Board of Directors, Rapides Bank, Alexandria; Alternate, W. W. Bowden, Cashier Whitney-Central Trust & Savings Bank, New Orleans.
 Maine: Hascall S. Hall, Treasurer Kennebec Trust Company, Waterville.
 Maryland: W. W. Cloud, President State Bank of Maryland, Baltimore.
 Massachusetts: Geo. W. Hyde, Assistant Cashier The First National Bank, Boston.

Michigan: Henry H. Sanger, Vice-President and Cashier National Bank of Commerce, Detroit.
 Minnesota: Geo. F. Orde, Vice-President First National Bank, Minneapolis.
 Mississippi: E. M. Purcell, Cashier First National Bank, Greenwood.
 Missouri: R. S. Hawes, Vice-President Third National Bank, St. Louis; Alternate, F. T. Hodgdon, Cashier Farmers' & Merchants' Bank, Hannibal.
 Montana: F. S. Lusk, President First National Bank, Missoula.
 New Jersey: Wm. J. Field, Secretary and Treasurer Commercial Trust Co. of N. J., Jersey City.
 New York: Henry M. Wells, President National City Bank, Brooklyn.
 North Carolina: Leake S. Covington, Cashier Farmers' Bank, Rockingham.
 North Dakota: (Mrs.) L. A. Batchellar, President First National Bank, Fingal.
 Oklahoma: C. F. Godbey, Cashier First National Bank, Claremore.
 Oregon: Truman Butler, Vice-President Butler-Banking Company, Hood River.
 Pennsylvania: A. S. Beymer, Cashier Keystone National Bank, Pittsburgh.
 South Carolina: Julien C. Rogers, Cashier First National Bank, Florence; Alternate, E. P. Grice, Cashier Peoples' National Bank, Charleston.
 South Dakota: F. C. Danforth, President Citizens' Bank, Parker.
 Tennessee: D. W. Shofner, President First National Bank, Mt. Pleasant.
 Texas: F. M. Law, Cashier First National Bank, Beaumont.
 Virginia: E. B. Spencer, Cashier National Exchange Bank, Roanoke.
 Washington: J. W. Maxwell, President National City Bank, Seattle.
 West Virginia: C. C. Woods, Cashier First National Bank, Elm Grove.
 Wisconsin: A. J. Frame, President Waukesha National Bank, Waukesha.

Jewett, H. E., Vice-President Second National Bank, New Albany, Ind.
 Kretschmar, W. P., President Commercial Savings Bank, Greenville, Miss.
 Litchford, H. E., Vice-Pres. and Treas. Old Dominion Trust Company, Richmond, Va.
 Lynch, James K., Vice-President First National Bank, San Francisco, Cal.
 McDougal, Elliott C., President Bank of Buffalo, Buffalo, N. Y.
 McGonigal, E. M., "Wall Street Journal," New York.
 Moses, Mrs., E. G., St. Louis, Mo.
 Moses, Miss Edith W., Bridgewater, Mass.
 Nichols, H. J., Swift Interests, Boston, Mass.
 Noworthy, R. L., British Vice-Consul, New York.
 Perkins, J. H., President National Commercial Bank, Albany, N. Y.
 Price, H. P., Cashier National Bank of Norwalk, Norwalk, Conn.
 Pugsley, C. A., Pres. Westchester County Nat'l Bank, Peekskill, N. Y.
 Pugsley, Chester, Peekskill, N. Y.
 Rankin, James F., Cashier, Bank of South Charleston, South Charleston, Ohio.
 Reynolds, John H., President First National Bank, Rome, Ga.
 Ruffin, E. A., Sec'y Insurance Committee American Bankers Association, Richmond, Va.
 Sands, Oliver J., President American National Bank, Richmond, Va.
 Taylor, Orla B., Vice-Pres. Wayne County and Home Savings Bank, Detroit, Mich.
 Titus, A. H., Assistant Cashier National City Bank, New York City.
 Treman, R. H., President Tompkins County Nat'l Bank, Ithaca, N. Y.
 Voorhis, C. H., Philadelphia National Bank, Philadelphia, Pa.
 Washburn, J. R., Assistant Cashier Continental & Commercial National Bank, Chicago, Ill.
 Watts, F. O., President Third National Bank, St. Louis, Mo.
 Wolfe, R. M., American Nat'l Bank, Washington, D. C.

REGISTRATION AT OFFICES.

The following visitors registered at the Association offices during the month of August:
 Andrews, G. H., Cashier Citizens National Bank, Raleigh, N. C.
 Atwood, Albert W., Princeton, N. J.
 Bockus, Charles E., Asst. Secretary Old Colony Trust Company, Boston, Mass.
 Boles, Wm. Justus, "Evening Post," New York City.
 Boyd, W. A., Chief Clerk First National Bank, Syracuse, N. Y.
 Bull, Wellington E., of Swartwout & Appenzellar, New York City.
 Curtis, A. H., Manager S. H. P. Pell & Co., New York.
 Dinkins, Maj. Lynn H., President Interstate Trust & Banking Co., New Orleans, La.
 Donald, James M., Chairman of Board, Hanover National Bank, New York City.
 Dunlap, O. E., President Citizens National Bank, Waxahachie, Texas.
 Edwards, G. E., Pres. Dollar Savings Bank, New York.
 Flournoy, J. F., Jr., Cashier First National Bank, Canton, Miss.
 Froelick, L. D., "The Sun," New York City.
 Furr, I. M., American Nat'l Bank, Washington, D. C.
 Hann, Samuel M., Fidelity Trust Co., Baltimore, Md.
 Havenstein, George J., Hattiesburg, Miss.
 Henry, W. J., Secretary New York State Bankers' Association, New York City.
 Heyman, David M., New York City.
 Hopper, R. G., Vice-President "The American Banker," New York City.
 Jaedicke, August, Jr., President Hanover State Bank, Hanover, Kansas.
 Jaedicke, Mrs. August, Jr., Hanover, Kansas.
 Jay, Pierre, Vice-President Bank of the Manhattan Company, New York City.
 Jess, Stoddard, Vice-President First National Bank, Los Angeles, Cal.

BRANCH BANKS.

IT does not seem to be generally understood by our members that branch banks are eligible to membership in the Association. Branch banks do not and cannot receive membership benefits unless a regular membership is taken out. It is not practicable nor could the Association afford to give to branch banks, without charge, the full advantages of the protective feature and other facilities of the Association.

There are now over three hundred branch banks members of the Association. The dues for a branch bank are ten dollars, where the branch does not have separate capital. Branches with separate capital are charged on the same basis as parent banks, based on the amount of capital and surplus.

Branches joining the Association are given all the privileges of the Association. They are carried on the membership list as regular members, are furnished with the A. B. A. sign, which is a warning to criminals, and receive the full benefits of the protective department.

PERSONAL.

CLARKSON LEWIS FARNSWORTH, the younger son of the General Secretary, has been ill for some months with a severe attack of Bright's disease, apparently superinduced by overgrowth. A few weeks ago he was placed in the Poly-clinic Hospital of New York City under the supervision and care of Dr. Ernest S. Bishop, a noted physician of that city and expert as a diagnostician. After a brief period at the hospital the young man returned to his home, and under the skillful care of the doctor and good nursing he is now on the road to recovery, although the process will be slow. This notice is in answer to numerous inquiries which have been made in regard to his condition.



WM. A. GASTON
EXECUTIVE COMMITTEE



W. H. EVANS
EXECUTIVE COMMITTEE



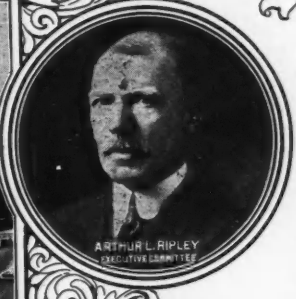
WELCOME TO BOSTON



PHILIP STOUGHTON
EXECUTIVE COMMITTEE



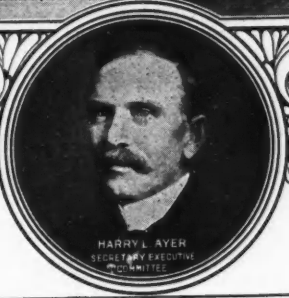
THE COPLEY PLAZA
CONVENTION HEADQUARTERS



ARTHUR L. RIPLEY
EXECUTIVE COMMITTEE



M. C. BRUSH
EXECUTIVE COMMITTEE



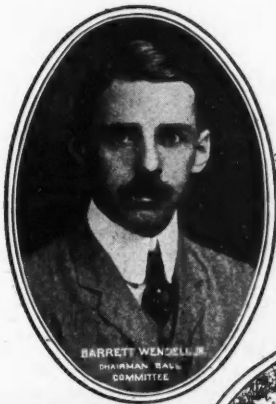
HARRY L. AYER
SECRETARY EXECUTIVE
COMMITTEE



D. G. WING
EXECUTIVE
COMMITTEE



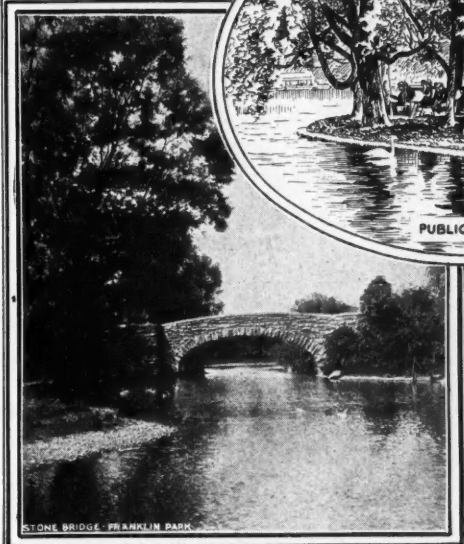
THOMAS P. BEAL
CHAIRMAN OF EXECUTIVE COMMITTEE
BOSTON CONVENTION



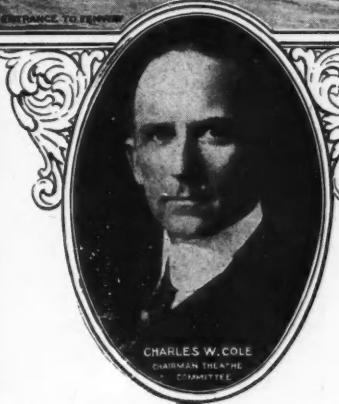
BARRETT WENZELL
CHAIRMAN BALL
COMMITTEE



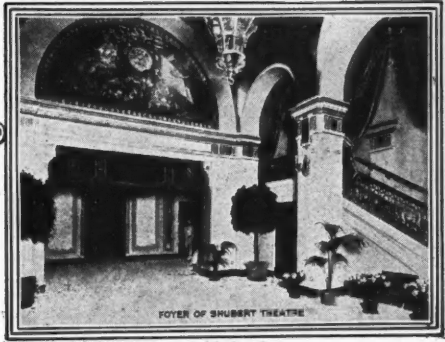
PUBLIC GARDEN



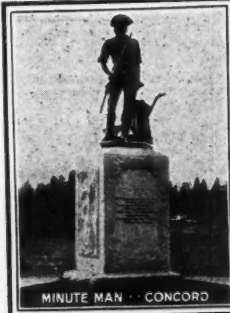
STONE BRIDGE FRANKLIN PARK

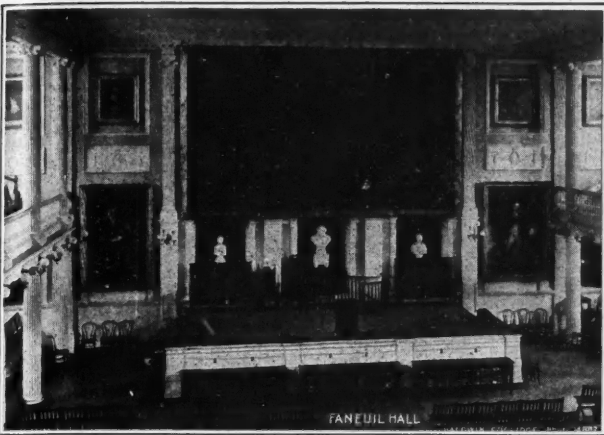


CHARLES W. COLE
CHAIRMAN THEATRE
COMMITTEE



FOYER OF SHUBERT THEATRE

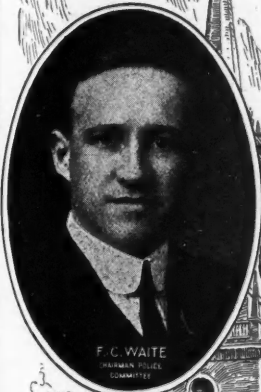




FANEUIL HALL



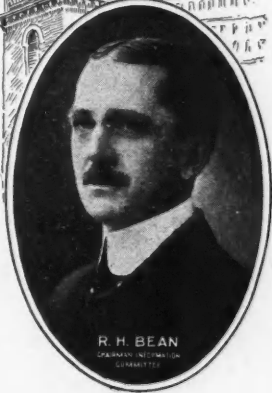
C. B. WIGGIN
CHAIRMAN HISTORICAL
& CHURCH COMMITTEE



F. C. WAITE
CHAIRMAN POLICE
COMMITTEE



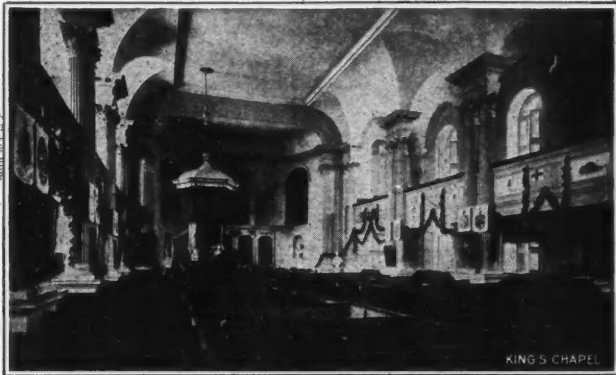
MUSEUM OF FINE ARTS, BOSTON.
THE APPEAL TO THE GREAT SPIRIT, BY CYRUS EDALLIN.



R. H. BEAN
CHAIRMAN NATIONAL
COMMITTEE



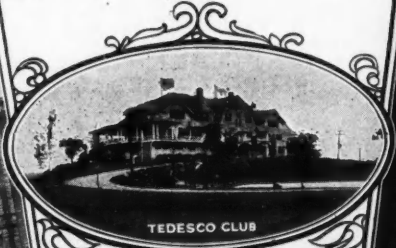
F. L. HIGGINSON JR.
CHAIRMAN FINANCE
COMMITTEE



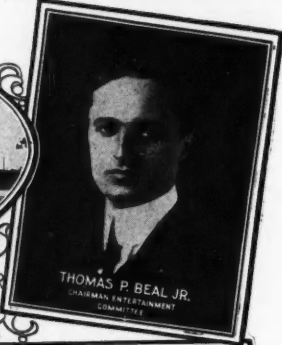
KING'S CHAPEL



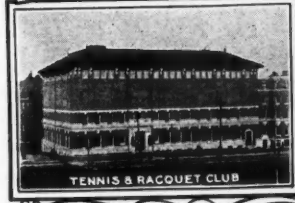
ALGONQUIN CLUB



TEDESCO CLUB



THOMAS P. BEAL JR.
CHAIRMAN ENTERTAINMENT
COMMITTEE



TENNIS & RACQUET CLUB



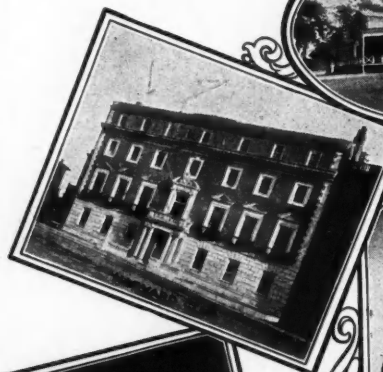
SOMERSET CLUB



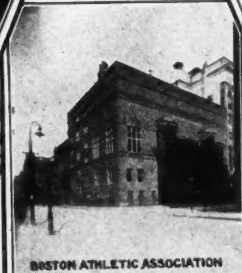
BRAE-BURN CLUB



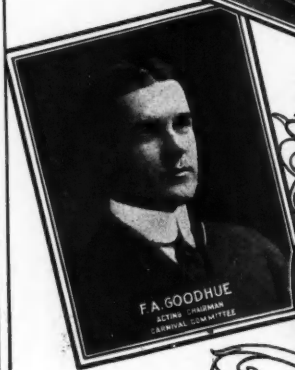
BROOKLINE COUNTRY CLUB



BOSTON ATHLETIC CLUB



BOSTON ATHLETIC ASSOCIATION



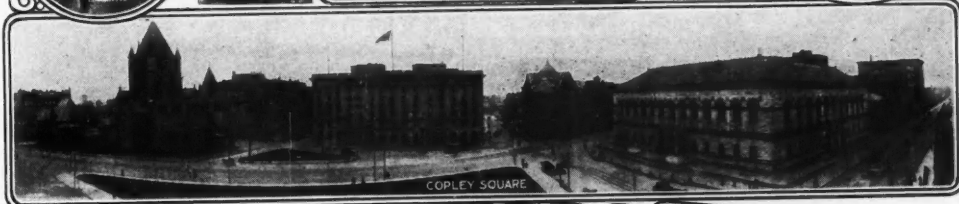
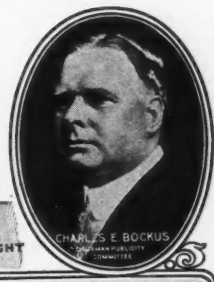
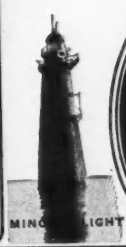
F. A. GOODHUE
ACTING CHAIRMAN
CARNIVAL COMMITTEE



EXCHANGE CLUB



UNIVERSITY CLUB



"Obey that Impulse!"—On to Boston

In every respect a Great Convention—Will discuss most important financial legislation in 50 years—Addresses of keenest interest on Agricultural Development—Particularly important financial subjects—Best opportunity for cultivating friendships and for learning business conditions—Convention will broaden and benefit all who attend—Convention city ideal—Hospitality unbounded.

A Full Attendance Will Promote Business.

"The Boston meeting should be one of the most interesting and important ever held by the American Bankers Association, and a full attendance will best promote the business and banking interests of the country."—ARTHUR REYNOLDS, First Vice-President, Des Moines.

All Banks Should Send Best Men.

"I should think that the pending Currency measure with its compulsory provision requiring all national banks to join the Federal Reserve Banks, therein provided for, within one year after the passage of the act, or else go into liquidation, is sufficient motive to induce all banks to be represented at the coming Bankers' Convention."—A. B. HEPBURN, Chairman Currency Commission, New York.

Two Excellent Reasons for Coming.

"A man is broadened and benefited to an unusual degree when he attends and participates in the conventions of the American Bankers Association. The fact that one is enabled to form an acquaintanceship extending from coast to coast is in itself a most convincing reason why every banker who can possibly do so should be in Boston October 6-10, 1913."—B. W. MOSEB, President American Institute of Banking Section, St. Louis.

Mr. Hollister Knows the Hub.

"Boston is one of the best cities in the country for the Bankers Conventions. It has great historical interest, ample transportation facilities, fine hotels of good capacity and especially well managed, noted for their good food and excellent service. The climate is stimulating and there are more really interesting things to see and do than can be found in any other American city."—CLAY H. HOLLISTER, Chairman Bills of Lading Committee, Grand Rapids.

A Most Important Meeting.

"I believe the meeting of the American Bankers Association to be held in Boston next October to be one of the most important in the existence of the Association. We have a question before the country which the bankers should discuss freely and without reserve. They are vitally interested in the proposed Currency bill and for this reason, if no other, they should meet and make an intelligent study of the proposition and an unbiased report."—E. F. SWINNEY, Chairman Federal Legislative Committee, Kansas City, Mo.

Record Breaking Attendance Assured.

"The excellent addresses to be delivered by well known speakers, and the splendid program of business meetings and social functions arranged by an energetic committee of local bankers, assisted by the Secretary's office, are enough to convince anyone that every day of the convention will be full of interest and pleasure."—RALPH VAN VECHTEN, President Clearing House Section, Chicago.

Trust Companies will have Strong Program.

"At the coming convention to be held in Boston on October 7, several very important topics will be brought forward by Trust Company Officers who have special interest in these various matters,—to be afterward discussed by the members of the Section from the floor. Two important addresses have been arranged. The reports of the Vice-Presidents of the different States should always command a good deal of interest, reflecting as they do the conditions which prevail in different parts of the country. The currency problems will doubtless come in for a full share of consideration, and particularly the relation of the trust companies to the proposed

Federal Reserve Act. In fact, the day will be fully occupied in an instructive way, and will doubtless prove to be only too short for the program arranged."—RALPH W. CUTLER, Chairman Executive Committee Trust Company Section, Hartford.

Convention Merits Largest Attendance.

"The convention merits the largest attendance ever accorded to a convention of the Association. Hasty and ill advised legislation is being rushed through Congress, which, if passed, must have the most momentous effect upon the banks, and the entire American people. The bankers of the country should voice their disapproval of the objectionable features of the Federal Reserve Act, which include administrative control, note circulation, reserves, excessive capitalization and the compulsion on National banks to contribute capital to the enterprise without adequate return. The Convention will furnish the opportunity to do it in a manner that will command attention."—JAMES K. LYNCH, Chairman Convention Program Committee, San Francisco.

A Practical Business Convention.

"The addresses and discussions will be upon financial subjects that are particularly important and of interest at this time and the visiting bankers will receive much practical and useful information that will be an aid to them in connection with their business. It is apparent that the hospitality of the Boston bankers and their friends will be extended to the limit."—R. C. STEPHENSON, President Savings Bank Section, South Bend.

Bankers Should Get Together Now.

"I think there should be an exceptionally large attendance at the Boston meeting for two reasons:

"First: The most important financial legislation in fifty years is being discussed in Congress, and its effect upon the business interests of the country and the bankers may be monumental.

"Secondly: The meeting on Thursday morning, October 9, will be devoted to the subject of agricultural development, and will be addressed by the Hon. James J. Hill, of St. Paul, and one of the most remarkable men of the age, who has been talking scientific agriculture for the past twenty years, trying to get our people to pay the same attention to this primary source of wealth that they do in Germany, France and other European countries. President George E. Vincent, of the University of Minnesota, will also address this session. Those who have heard President Vincent speak declare him to be the best public speaker in America."—JOSEPH CHAPMAN, Chairman Committee on Agricultural Development and Education, Minneapolis.

Boston Has Waited For You 27 Years.

"Boston is one of the most interesting cities in the United States from an historical as well as from an artistic and literary standpoint. This should be a magnet which would draw an unusually large attendance at the coming Convention.

"Each succeeding Convention, as the membership increases, brings with it an increased attendance. Banking and currency legislation now so prominently before the people, the agricultural movement spreading to all parts of the country and arousing increasing interest,—these with other great questions, able addresses by prominent men, a visit to a delightful city, and the hospitality to be extended by the bankers of that city, will ensure, without doubt, an unprecedentedly large attendance."—FRED. E. FARNSWORTH, General Secretary, New York.



TRUST COMPANY SECTION



OFFICERS, 1912-1913.

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

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

ON another page of this number of the JOURNAL-BULLETIN will be found the program for the coming convention of the Section, to be held at the Copley-Plaza Hotel, Boston, Mass., on Tuesday, October seventh. It will be noted that all day Tuesday has been set apart for the meetings of the several Sections and that no entertainments have been scheduled for that day. As the whole day has been set apart, it is hoped that Trust Company officials in attendance will give their entire time to the Section meeting.

The program for our meeting has been prepared with the idea of bringing before the attention of delegates in attendance, not only the reports of the various committees and addresses of moment, but topics that may be discussed with a view to bringing forth ideas for the general information of the members assembled. To this end the Executive Committee will be glad if you will examine the program and come to the convention prepared to join actively in the deliberations of the meeting. If there are any topics other than those embodied in the proposed proceedings that you would like to have discussed will you be good enough to write the Secretary upon the subject. A free consideration of matters of interest to the trust company world will make the coming meeting a success, and to this end the committee asks your co-operation and attendance.

In addition to the addresses and scheduled topics for discussion other matters of great moment to the Section and its members will be brought up. The report of the Committee on Constitutional Revision, named at the last convention in Detroit, is scheduled to be presented to the main Association on the first or second day of the meeting. Your Executive Committee has held a number of meetings during the past few months to consider this proposed new constitution, and its report as submitted by the Chairman will undoubtedly be of great and vital interest to the members present.

By having the whole day for the meeting of the Section more time will be allotted for the reports of the State Vice-Presidents. It is expected that this new arrangement will also allow more time for the reports of the State Vice-Presidents, and it is hoped that many of them will be in attendance and make their reports in person. To that end the Secretary has written each State Vice-President, calling their attention to this feature of the program, as follows:

"Roll call of States, to be answered by the Vice-

Presidents of the Section in brief written reports dealing with the history of the Trust Companies in the several States during the preceding year, and with the conditions under which they are now operating, and other matters of interest now pertaining to them. (Vice-Presidents may be heard from in brief addresses amplifying or explaining any topics contained in their reports by giving previous notice of their intention to the Secretary.)"

It was further requested that the Vice-Presidents who could not be present at the meeting should prepare a report and forward it to the Secretary, so that it could be included in the printed volume of the Proceedings.

Membership in the Section now numbers 1,363 companies, an increase of 112 during the year and the largest in the history of the Section.

ANOTHER report to be made at the convention will have to do with the Educational Publicity Campaign undertaken by members of your Executive Committee in behalf of Trust Companies throughout the country. Thirty-three different articles were prepared, primarily for newspaper publication, and over four hundred copies of each have been sent to our members throughout the country. The success attending this campaign, both in the very general newspaper publicity given these articles and in the interest taken in them by our members, has been most gratifying to your officers. One or more of the articles and in many cases all have been published in seventy-five to one hundred different newspapers in every part of the country. To illustrate the scope and purpose of these articles another one is published herewith:

DIVERSIFIED TRUST COMPANY SERVICES.

Confidence is the mainspring of business. It is not only essential that the man or the woman who commits his or her business affairs to another shall know that there is a willingness to perform the service but it is absolutely imperative—or should be so considered—that the agent so selected shall be able to do what is contracted. Furthermore, it is highly desirable that every possible safeguard shall be thrown about the agent to assure the faithful, the intelligent and the honest execution of the stipulated commission. It may have been true at one time in the country's business development that "corporations have no souls," but that time has gone by.

Responding to the enlightened and constantly increasing sentiment of the business world, there has sprung into being a realization of the wide variety of service which corporations can render, and with this has come appreciation that corporations not only can have souls but better yet do have minds. That these minds may be employed for the benefit of others has been demonstrated in a hundred varying ways.

No part of a man's affairs, perhaps, so intimately concerns him and his heirs as the manner of the distribution of his estate. Formerly, it was the almost universal custom for a testator to appoint his son, his brother, his business or personal friend as his executor. Too frequently such a trust has been misplaced. Inexperience, lack of sound judgment, dishonesty have thwarted the wishes and the purposes of men whose greatest error was in selecting an individual executor. Able to do everything that an individual can do, equipped with facilities that no single person can marshal, making a vocation of what another might affect as an avocation, trust companies have superseded in large measure the individual in the capacity of executor and as trustee. Complicated legal problems, trusts designed to extend over a period considerably in excess of the life expectancy of the middle-aged business man, problems which demand the best financial judgment are constantly being entrusted to the trust companies of our country, organizations which in addition to their customary banking facilities are more and more extending their affairs along those lines which modern business life demands. With their perfect organizations, their experienced and trustworthy officers—men selected as much for their foresight as for their integrity—the trust companies are transacting the business which heretofore individuals were considered alone competent to do.

Not alone in carrying out the purposes of the dead does the modern trust company render valuable service in its care of estates, but in a larger way than ever before the companies are relieving men and women possessing independent fortunes of the burdens which property always brings. The sale and purchase of real estate, the collection of rents, the acquisition and disposal of stocks and bonds, acting as guardian and, of course, the transaction of a general banking business are everyday affairs with the trust company of the present. It is natural for men and women to desire permanency. Once located satisfactorily, once provided with an agent who is both honest and efficient, it is human to be disturbed by any untoward circumstance or happening which brings a change. It is in this element of permanency that the trust company excels. With charters oftentimes perpetual in their scope, the trust companies can be relied upon to provide a degree of permanency utterly beyond the power of the individual. Better yet, surrounded by legal restrictions, practically as unchangeable as the laws of the Medes and Persians, and subjected to the supervision and the authority of the State, the trust company affords protection such as no single person could be expected to supply. There is never a time when two minds are not better than one. With one's affairs in the custody of a trust company there is assurance of the combined wisdom and experience of men especially trained and selected for giving the particular service

that they may be called upon to render. Specialization is the keynote of the age. What greater specialty can there be than in assuring the conservation, increase and safety of property? The care of property is the trust company's business and the keeping of the trust therein reposed is approaching the ideal point each year with the growth of facilities and the advance of knowledge which the trust companies are developing just so fast as the world's progress exacts.

PROCEEDINGS FOR SALE.

THE Trust Company Section has on hand a number of handsomely bound copies of Proceedings of the Section. Volume one contains the proceedings from 1896 to 1903 inclusive, and volume two the proceedings from 1904 to 1908 inclusive. These two volumes contain many important reports, addresses and discussions on matters of great interest to Trust Company officers and their employees. It is confidently believed that in no other books could so wide a range of Trust Company information be obtained. A great many copies have been sold, but in order to make room for other matter the remaining volumes, as long as they last, will be sold at seventy cents each, including postage. Orders should be sent to the Secretary, who will forward the books promptly.

"Trust Company Forms."

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

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

Special Notice.

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

BOUND COPIES OF VOLUME 5.

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

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



SAVINGS BANK SECTION



OFFICERS, 1912-1913.

PRESIDENT:
R. C. STEPHENSON, Vice-President St. Joseph County Savings Bank, South Bend, Ind.
FIRST VICE-PRESIDENT:
J. F. SARTORI, President Security Trust & Savings Bank, Los Angeles, Cal.

CHAIRMAN EXECUTIVE COMMITTEE:
W. E. KNOX, Comptroller Bowery Savings Bank, New York, N. Y.
SECRETARY:
E. G. McWILLIAM, 5 Nassau Street, New York, N. Y.

SAVINGS BANK SECTION AT BOSTON.

October 7, 1913.

Of course, unless some unforeseen circumstance arises, every member of the Savings Bank Section will be represented at its annual convention in Boston at the Copley-Plaza Hotel, on Tuesday, October 7th.

There will be two sessions of the section's meeting, a morning session beginning at ten o'clock, and an afternoon session beginning at two thirty o'clock.

Detective Burns, who is now in Europe, will be one of the attractions, and other speakers of national reputation are expected to address each session. It is impossible to publish all of the names at this time owing to the fact that it is difficult to complete all arrangements with these gentlemen so far in advance. However, due notice will be furnished the financial papers, which appear subsequent to this issue and prior to the convention.

It is also important that our members attend all sessions of the general convention, as matters of great importance are to be settled at this meeting. Among them is the adoption of a new constitution, draft of which appears elsewhere in this issue. Let every member read this over carefully and go to the convention prepared to vote intelligently.

SAVINGS DEPARTMENTS IN NATIONAL BANKS.

On or about August 5th, the chairman of the Committee on Banking and Currency of the House of Representatives was instructed to draw an amendment to the proposed Currency Bill authorizing savings departments in national banks.

Believing that this committee is earnestly striving to incorporate all that is best in their bill, and that they welcome all suggestions made in the proper spirit, your secretary took it upon himself to address the following letter to Mr. Glass, there being no opportunity for official action by the executive committee:

New York, August 6, 1913.

Hon. Carter Glass, Chairman,
Committee on Banking and Currency,
House of Representatives, Washington, D. C.

Dear Sir: Among the many excellent amendments to the proposed Currency Bill which your honorable committee has suggested, I note that you have been authorized to draft one authorizing savings departments in national banks.

There is now on deposit with national banks upwards of \$750,000,000 of the savings of the people through the agency of savings or "interest" departments conducted by permission of the Comptroller of the Currency. Undoubtedly this vast sum will be largely augmented if these departments are formally legalized by the government.

In the minds of those ignorant of financial matters, there has always been associated with national banks the idea that in some manner the government is behind these banks, which of course is not so, and it is fair to assume that the increase in savings deposits in national banks under this new bill will

come largely from the class mentioned under this erroneous impression.

May I venture to suggest that in drafting this amendment some special protection should be afforded the savings' depositors? I would not advocate a sweeping segregation law, but believe that if your amendment should provide that the savings deposits in national banks "shall be invested according to the law relative to the investment of savings deposits of the State in which each national bank is located" the best interests of all would be conserved.

Welcoming every additional facility which will encourage the thrift of the nation while providing for the security of its people's savings, and trusting that this suggestion, which is entirely a personal one, will be received in the spirit with which it is offered, I am

Very respectfully,

(Signed)

E. G. McWilliam,

Secretary.

This suggestion was predicated upon the proposition, first, that savings depositors, being, as a class, composed largely of those ignorant of financial matters, should be accorded special protection; and, secondly, that all classes of financial institutions bidding for the savings business in any State should eventually do so under similar conditions, that none may have an undue advantage over another in the same community in competing for this business.

There is no thought that this amendment permitting national banks to conduct savings departments should be opposed by savings bank men. They should welcome every agency which will be conducive to encouraging the thrift of the nation, but the first thought of every banker accepting the savings of the people should be for the security of those savings.

To the ordinary individual the term national bank conveys immediately the thought that in some manner the government is behind the institution, and undoubtedly when it becomes advertised that the government has legalized savings departments in these banks, millions of dollars, besides the \$800,000,000 they now hold, will be attracted to them from the savings of those who think that in some way the government especially protects their deposits.

Many of our States have very excellent laws regulating the investment of deposits in savings banks, and others are constantly improving their statutes in that respect, making it practically impossible for savings deposits to be invested where the element of risk is apparent.

The officers of our great mutual savings banks, which were established as benevolent institutions, will agree that security of the depositors' money is of paramount importance, and in some of our Western States there are great savings banks established by men who in the beginning backed their confidence in the success of the institution with their own money upon which they are permitted to earn a fair return in consideration of rendering a fair return to the depositor. These institutions also operate under laws which secure the depositor, and undoubtedly are serving their communities in as noble a manner as our mutual savings banks. It would seem that they are deserving of some consideration.

In some of the Eastern States this suggestion would of course cause a discrimination in favor of State banks and trust companies, but in these States with national banks and savings banks operating under the same law, it would only be a question of time when the same protection would be secured for savings depositors in all classes of institutions. In some of the Southern and Western States there is at present no savings bank law, and the banks would obviously not be affected by this suggestion.

In accepting savings deposits national banks are performing a distinct service to those communities which offer no other savings facilities, and ought to be encouraged under proper restrictions.

This, as well as other features of the Currency Bill, must not be considered solely from the standpoint of any one community, but rather in the light of the greatest good to the greatest number. Our sole idea should be to strengthen the savings system of the country. And if the proposed amendment to the Currency Bill embodies a paragraph along the lines of this suggestion, it will materially aid in the consummation of that object, while leaving the method to the discretion of each individual State.

All this is simply by way of opening the discussion and securing for this matter the serious consideration it deserves at the hands of savings bank men throughout the country.

Without further criticism, but merely for the information of our members, that they may attend the Boston convention prepared to discuss this matter, provided no official action is taken upon it by Congress prior to that time, the full text of the new section of the Currency Bill granting authority to national banks to open savings departments, is printed herewith and is as follows:

Section 27. That any national banking association may, subsequent to a date one year after its becoming a stockholder in a Federal Reserve bank, make application to the Comptroller of the Currency for permission to open a savings department. Such application shall set forth that the Directors of said national bank have, by a majority vote, apportioned a specified percentage of their paid-in capital and surplus to said savings department, and to that end have segregated specified assets for the purposes of said department, or that cash capital for the said savings department has been obtained by subscription to additional issues of the capital stock of said national bank:

Provided, That the sum in assets or in cash thus set apart for the uses of the proposed savings department aforesaid shall in no case be less than \$25,000 or than a sum equal to 20 per centum of the paid-up capital and surplus of the said national bank.

In making the application aforesaid any national banking association may further apply for power to act as trustee for mortgage loans, subject to the conditions and limitations herein prescribed or to be established as hereinafter provided.

Whenever the Comptroller of the Currency shall have approved any such application as hereinbefore provided, he shall so inform the applying bank, and thereafter the organization and business conducted or possessed by said bank at the time of making said application, except such as has been specifically segregated for the savings department, and subsequent expansions thereof, shall be known as the commercial department of the said bank. National banks may increase or diminish their capital stock in the manner now provided by law, but whenever such general increase or reduction of the capital stock of any national bank operating upon the provisions of this section shall be made, such increase or reduction shall be apportioned between the commercial and savings departments of the said bank as its Board of Directors shall prescribe, notice of such increase or reduction, and of the apportionment thereof, being forthwith given to the Comptroller of the Currency; and any such national bank may increase or diminish the capital already apportioned to either its savings or commercial department to an extent not inconsistent with the provisions of this section, notifying the Comptroller of the Currency as hereinbefore provided. The savings department for which authority has been solicited and granted shall have

control of the cash or assets apportioned to it as hereinbefore provided, and shall be organized under rules and regulations to be prescribed by the Comptroller of the Currency.

Both the savings and commercial departments so created shall, however, be under the control and direction of a single Board of Directors and of the general officers of said bank.

All business transacted by the commercial department of any such national bank shall be in every respect subject to the limitations and requirements provided in the National Banking act, as modified by this act, and such business shall henceforward be known as commercial business.

The savings department of each such national bank shall be authorized to accumulate and loan the funds of its depositors, to receive deposits of current funds, both time and demand, to loan any funds in its possession upon personal or real estate security, and to collect the same with interest, and to declare and pay dividends or interest both upon demand and time deposits. The Federal Reserve Board is hereby authorized to exempt the savings departments of National Banking Associations from any and every restriction upon classes or kinds of business laid down in the National Banking act, and it shall be the duty of the said board, within one year after its organization, to prepare and publish rules and regulations for the conduct of business by such savings departments, conforming to the best standards prescribed by the legislation of the several States:

Provided, that such rules and regulations shall not be inconsistent with the provisions of this section. All business transacted by the savings departments of national banks shall be designated and known as savings bank business.

Nothing in this section contained shall be construed to authorize any such savings department to purchase, invest in, or hold bonds, securities, or evidences of indebtedness, public or private, except as follows:

(a) First, mortgages or deeds of trust on real estate, including farm lands, and the notes or bonds for whose protection such mortgages or deeds of trust may have been given:

Provided, That such mortgages, deeds, notes, or bonds shall have, when purchased, not more than five years to run, and provided, further, that the total debt secured by such instruments shall not exceed 50 per centum of the assessed value of the real estate upon which they constitute a lien.

(b) Bonds or interest-bearing notes of the United States or bonds or notes for whose payment the faith of the United States is pledged both as to principal and interest.

(c) Bonds of any State of the United States:

Provided, That for ten years prior to the purchase of such bonds by a savings bank department the State issuing the same shall not have defaulted in the payment of any part either of principal or of the interest thereon.

(d) Bonds of any city, county, or town:

Provided, That such city, county, or town shall, at the time when the bonds are purchased by a savings bank department, have more than 25,000 inhabitants, the United States Census next preceding such investment being taken as evidence of the possession of said number of inhabitants:

And provided, further, That such city, county or town shall not have defaulted in the payment of any part of the principal or interest of its bonded debt within ten years prior to the making of the investment aforesaid. The total bonded indebtedness of such city, county, or town shall not, at the time of such investment, exceed 5 per centum of the assessed valuation therein, and such bonds shall have been issued pursuant to the law of the State in which city, county, or town is situated.

(e) First mortgage bonds of any steam or street railway, public utility, or industrial corporation operating partly or wholly in the United States:

Provided, That the same shall have been approved by the Comptroller of the Currency.

(f) First mortgage bonds or deeds of trust issued by any real estate corporation:

Provided, That no such bond issue or deed of

trust shall exceed in amount 50 per centum of the assessed value of the real estate upon which it constitutes a lien.

The Federal Reserve Board shall have power further to define the conditions under which the said mortgages, deeds of trust, notes, bonds, and other securities hereinbefore enumerated may be purchased by any such savings bank department, and may at its discretion make and issue lists of such securities having its approval, or may list securities in which the savings bank department aforesaid shall be prohibited from investing. Such lists may be published in any manner deemed best by the said Federal Reserve Board.

It shall be the duty of every national bank to maintain, with respect to the demand liabilities of its commercial department, the reserves applicable thereto, as provided by the National Banking act and by this act.

It shall be the duty of every national bank to maintain, with respect to all deposit liabilities of its savings department, a cash reserve in lawful money equal to not less than 4 per centum of its total deposit liabilities, and every national bank authorized to maintain a savings department is hereby exempted from the reserve requirements of the National Banking act and of this act in respect to the said deposit liabilities of its savings department, except as in this section provided.

Every national bank authorized to operate a commercial department and a savings department under the provisions of this section shall segregate in its vaults the lawful money reserve of each such department and shall separately maintain, report, and account for such reserves. Whenever any such department, whether savings or commercial, shall deposit current funds with other banks, such deposits shall be credited upon the books of such other banks

as made by and belonging to the department of the depositing bank by which or in whose interest they were originally made, and shall be paid only upon the order of such department. No department of any such national bank shall receive deposits from any other department of the same bank.

It shall be the duty of every national bank to maintain separate books of account for each of its departments, and to segregate and keep separate and distinct in each such department, the cash, securities, investments and property thereto belonging; and each such department shall, in the transaction of its business and the making of its investments, be exclusively governed and controlled by the provisions of law and the regulations of the Federal Reserve Board or of the Comptroller of the Currency specifically made and provided with reference thereto.

Any national bank authorized under the provisions of this section to maintain a savings department, may make and publish rules and regulations defining the conditions under which deposits shall be received and paid by such savings department. Such regulations may specify the period of notices which such department may at its option require for the withdrawal of such deposits:

Provided—That no such deposits shall be subject to a requirement of less than sixty days' notice of withdrawal.

The said rules and regulations shall be subject to the approval of the Comptroller of the Currency, and he shall have power to direct their alteration at his discretion.

Every officer, director, or employee of any national bank who knowingly or wilfully violates any of the provisions of this section, shall be guilty of a felony, and on conviction thereof, shall be punished by a fine not exceeding \$5,000, or by imprisonment not exceeding two years.

DOCUMENTS FOR DISTRIBUTION.

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

Bills of Lading.

New Uniform Bills of Lading.

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

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

Jamestown, Virginia, Speech—Thomas B. Paton.

Oklahoma Speech—Evans Woollen.

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

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

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

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

Currency.

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

Report of Currency Commission of American Bankers Association, made at a meeting held at Chicago, Saturday, January 13, 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."

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.

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

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

Miscellaneous.

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

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

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

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

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

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



CLEARING HOUSE SECTION

OFFICERS, 1912-1913.

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

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

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

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

ANNUAL MEETING AT BOSTON.

NOTICES have been sent to the members of this Section requesting that delegates be appointed to represent their respective Clearing House Associations at the Annual meeting of the Section on October 7th. There will be both morning and afternoon sessions. The programme will consist of addresses on the following subjects: "The Incorporation of Clearing Houses," by Carl Meyer, of Chicago; "Needed Reforms in Check Collection Laws and Methods," by Raymond B. Cox, of New York, and "The Extension of the Clearing House Examination System," speaker to be announced later. Each of these papers will include references to the possible effect that the Federal Reserve Act may have upon these various features of banking and the delegates will be expected to take part in the general discussion that will follow. Members of the Association of Reserve City Bankers are cordially invited to be present as are all the delegates to the Convention who are interested in our work.

TRANSIT ITEMS AND THE FEDERAL RESERVE ACT.

SECTION 17 of the Federal Reserve Act requires each Federal Reserve Bank to receive at par checks drawn upon the banks which are its depositors and drafts drawn by its depositing banks upon other depositing banks of that, or any other Federal Reserve Bank. The Federal Reserve Board may also require each Federal Reserve Bank to exercise the functions of a clearing house for its shareholding banks. This last requirement suggests an advanced idea in "country clearing houses." We can readily get a mental picture of what a great labor, time and expense saving set of check collection machinery could be constructed in each Federal Reserve Bank. There would be a daily letter coming into the Bank from each of its depositors, and a daily letter going out from the Bank at night to each member bank containing all the checks from every section of the country drawn upon that bank. Further, each Federal Reserve Bank would exchange with every other Federal Reserve Bank, checks payable in their respective districts. The transfers of funds which would be necessary only at occasional intervals as the trade balance swings this way or that, are made at par by the Reserve Banks. Adjustment of debit and credit balances is made right on the books of the Federal Reserve Banks with all the ease of the famous Giro system of Germany.

The plan embodies the best features of the Giro system, the London Clearing House, the foreign department of the Boston Clearing House and the old Suffolk system of note redemption applied to checks, forming a combination that seems to be nearly perfect. Arbitrary and extortionate exchange charges and the kiting of checks to secure exchange at the expense of a long suffering third party would be impossible. Fictitious balances built up from checks in process of collection, circuitous routing of checks, the buying of balances, all are avoided.

We may expect considerable opposition from those banks which have profited handsomely by the clumsy and unscientific way checks are collected in a few isolated sections of the country, but there need be no reduction in the income of those banks

which find it necessary to charge exchange for remitting their own checks. However, the charge should be against the maker of the check, and not against the last unfortunate endorser.

One of the members of this Association has written for an opinion as to the full meaning of the last paragraph of Section 17, which leaves us in some doubt as to whether it is the intent of the bill to require depositors of Federal Reserve Banks to remit at par to the Banks for checks drawn on themselves. While in view of the clearing house feature mentioned above, it is probable there will be no actual remittance, yet it is our opinion that checks on themselves must be paid in full by all member or depositing banks. We may question an opinion issued by a member Clearing House Association in this connection, which states:

"The so-called country bank and the banks in reserve cities will not lose by this change (the collection of checks through Federal Reserve Banks), because, if they make collections for reserve banks, they will be paid for same, as is now the custom in collecting for individual banks. The expense of such collections will be minimized by the consolidation of collections on each different city or town, and will be borne by such Federal Reserve Bank as a legitimate item of expense."

There must be a right and wrong to this question, whether it is proper to charge exchange for remitting checks drawn upon one's own bank. A banker would not think of handing a payee \$99.90 across the counter in payment of a \$100 check with the statement that 10 cents was reserved for service rendered. And it is easier and cheaper to remit by mail for a hundred or more checks with a single draft than to cash the hundred checks at the window for a line of payees, each requiring identification. There has been the proper argument that it costs money to create funds in Chicago or New York, or with the reserve agent wherever located and, therefore, an exchange charge for funds payable at a center is justifiable. This is correct, but under the Federal Reserve Act it will no longer cost anything to create a reserve balance which will produce funds good at par anywhere in the United States.

Paraphrasing Lincoln, it has been well said that banking in this country cannot go on half charge and half par. The only reason that some banks show profits in their exchange account is because other banks remit at par and why some banks should expect to be allowed to charge an arbitrary rate while resenting a similar charge on the part of other banks is beyond comprehension. The banking system as a whole cannot tax itself rich.

Observe that these arguments are intended to apply to exchange charges on self checks only. Nothing need be said against charging depositors for collecting out-of-town checks, nor for collecting notes, drafts or other collection items payable locally. In England, when a depositor's account is balanced, he is charged a "commission" for the service the bank has rendered for him in cashing his checks and handling his account. We have not arrived at so logical an arrangement of the question as that in this country. "We have no rules," says a recent country correspondent, "to govern such charges, leaving it largely to instinct, which seems absurd for banks otherwise well regulated. It is one of the biggest fields open to clearing house education."

STATE SECRETARIES SECTION



OFFICERS, 1912-1913.

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

SECOND VICE-PRESIDENT:
P. W. HALL, Secretary Iowa Bankers' Association, Des Moines.

SECRETARY-TREASURER:
W. B. HARRISON, Oklahoma Bankers' Association, Enid.

CONVENTIONS TO BE HELD 1913.

Sept. 11-12	Ohio	Cleveland
" 17-18	Kentucky	Louisville
" 17-19	Amer. Inst. of Banking ..	Richmond, Va.
" 23-24	Indiana	Indianapolis
" 25-26	Illinois	Chicago
" 25-26	Nebraska	Lincoln
Oct. 6-10	Amer. Bankers Assn.	Boston, Mass.
" 28-30	Investment Bankers Asso.,	
	Blackstone Hotel, Chicago	
" 31-Nov. 1	Arizona	Phoenix

CONVENTIONS HELD IN AUGUST.

WASHINGTON:

THE eighteenth annual convention of the Washington Bankers' Association, held at Bellingham, August 7th, 8th and 9th, was in many particulars one of the most successful ever held in the history of the Association, the registration showing over three hundred delegates in attendance.

The convention was called to order in the assembly hall of the Elks Club by President W. J. Patterson, cashier of Hayes & Hayes, Aberdeen. The Hon. E. J. Cleary, Mayor of Bellingham, welcomed the visitors on behalf of the city, and F. F. Handschy, vice-president of the Bellingham National Bank, on behalf of the local bankers, to which George B. Burke, vice-president of the Bankers Trust Company, Tacoma, responded.

Following the address of President Patterson, Secretary P. C. Kauffman, of the Fidelity Trust Company, Tacoma, made his annual report, showing that practically every bank in the State is a member of the Association. Treasurer C. K. McMillin, cashier of the Northwestern National Bank, Bellingham, reported on the finances of the Association, the same being in excellent condition. The reports of the various committees, covering the work of the past year, were submitted.

The addresses delivered at the convention were as follows: "Old Nick Biddle—the Bank Monster," by Lydell Baker, editor of "The Pacific Banker," Portland, Ore.; "Advanced Agriculture, Education and Good Roads," by W. G. Edens, assistant secretary, Central Trust Company, Chicago, Ill.; "Benton County's Benefits from Diversified Farming," by J. F. Sears, cashier Prosser State Bank, Prosser, Washington. J. A. S. Pollard, cashier of the Fort Madison Savings Bank, Fort Madison, Iowa, was to have made an address on "Progress and the Banker," but, unfortunately, he was unable to be present. His address, however, was made by special order a part of the convention proceedings and directed to be printed in the convention report as well as in the local papers.

A very interesting feature of the annual conventions of this Association is the debates between Chapters of the American Institute of Banking. This year the subject of the debate was: "Resolved, That legislation enacted by the Federal Government permitting the establishment of Land Credit Banks would be for the best interest of the country." Seattle Chapter took the affirmative, which was conducted by C. L. LeSourd, of the Dexter Horton National Bank, and Ben N. Phillips, of the Union Savings

Bank & Trust Company. The Spokane Chapter took the negative side, and was conducted by B. A. Russell, of the Washington Trust Company, and Albert Kaye, of the Spokane & Eastern Trust Company. The judges rendered a decision in favor of the Spokane team, representing the negative side of the question.

The prize essay contest on the topic, "Political Considerations in Financial Legislation," which contest was open to all bank clerks of the State of Washington and students of the University of Washington, State College at Pullman, and Whitman College at Walla Walla.

The first prize of \$15 was awarded to Clarence Malmo, and the second prize of \$10 to Noel Sargent for essays submitted by the students of the University of Washington. The first prize of \$15 was awarded to J. W. Bradley, of the Old National Bank, Spokane, and the second prize of \$10 to Albert Kaye, of the Spokane & Eastern Trust Company, for essays submitted by the bank clerks of the State. The committee recommended that another prize essay contest be held next year.

Resolutions were adopted approving the recommendations of the National Monetary Commission as amended by the Currency Commission of the American Bankers Association. Emphatic opposition developed against the section of the Owen-Glass currency bill which has to do with the federal control of the reserve board. The delegates viewed with apprehension the purpose of the framers of the bill to take the control from the stockholders and to place it entirely in the hands of politicians. The resolutions favored strict government regulation and supervision rather than government administration.

The entertainment program included a reception and ball; a visit to Mt. Vernon, at which place the delegates were the guests of the bankers of Skagit County at a picnic lunch; a water trip on the steamer Whatcom to Semahmoo, where they were entertained by the Alaska Packers Association at a salmon bake.

The officers elected for the current year are as follows: President, W. H. Martin, Cashier of the Pioneer National Bank, Ritzville; Vice-President, Robert Moody, Vice-President of the First National Bank, Everett; Secretary, P. C. Kauffman, Tacoma (re-elected); Treasurer, P. M. Winans, Cashier of the First National Bank, Walla Walla.

The Washington members of the American Bankers Association made the following nominations: Vice-President for Washington, R. L. Rutter, Vice-President and Secretary of the Spokane & Eastern Trust Company, Spokane; Member of the Nominating Committee, J. W. Maxwell, President of the National City Bank, Seattle.

WYOMING:

THE fifth annual convention of the Wyoming Bankers' Association was held at Sheridan, August 12th and 13th.

Following the President's annual address the reports of the officers and committees were submitted and routine business transacted.

Among the addresses delivered was one by George T. Wells, of the Denver National Bank, Denver, Colo., on "The Banker and the Farmer." Mr. Wells said

that the farmer in the western country has not been farming; he has been mining from the soil its natural resources and has left the soil unproductive for certain things. He advocated intensive farming as a remedy. In his opinion western agriculture is still in an experimental stage, and when farmers come to appreciate more fully the value of crops raised and bend their energies to place the agricultural world on a more practical and better business footing, prosperity will follow in its wake.

The officers elected for the current year will be published in the next issue of the JOURNAL-BULLETIN.

MONTANA:

THE Montana Bankers Association held its tenth annual convention at Helena, August 15th and 16th. President James T. Wood, Cashier of the First National Bank, White Sulphur Springs, called the convention to order, and Governor S. V. Stewart welcomed the visitors to the city, to which C. F. Morris, Vice-President of the Security State Bank, Havre, responded. Following President Wood's annual address, Secretary-Treasurer Mark Skinner, Cashier of the Commercial Trust & Savings Bank, Great Falls, made his annual report on the work and finances of the Association.

The addresses delivered at the convention were as follows: "Administration Currency Bill," by George H. Dunscomb, of the First National Bank, Chicago; "Bank Taxation," by Former Governor Edwin L. Norris; "Agriculture, Education and Good Roads," by W. G. Edens, of the Central Trust Company, Chicago; "Collection of Out-of-Town Items," by W. L. Clark, Auditor of the Spokane & Eastern Trust Company, Spokane.

The officers elected for 1913-14 are as follows: Commerce, Kalispell; Vice-President—C. W. Butler, President of the State National Bank, Miles City; President—D. R. Peeler, President of the Bank of Secretary-Treasurer—Mark Skinner, Cashier of the Commercial Trust & Savings Bank, Great Falls (re-elected).

COLORADO:

THE Colorado Bankers' Association held its twelfth annual convention at the Brown Palace Hotel, Denver, Wednesday and Thursday, August 27th and 28th, and was well attended, there being about 425 delegates and guests registered.

The annual address of the President, H. M. Rubey, cashier of the Woods-Rubey National Bank, Golden, called attention to the fact that the agricultural interests of the State were being promoted and materially aided by the efforts of the Association; he believed that they should continue their efforts to assist in building up in their midst a greater and, if possible, a more prosperous community of farmers, horticulturists and stock growers. The farmers should be encouraged to turn their efforts more and more to intensive cultivation of the soil and to stock raising on more scientific methods. Mr. Rubey, in speaking of the new banking code enacted by the last Legislature, said that it was the duty and to the personal interest of every banker in the State to study carefully the provisions of the law and then so adjust his business as to comply with its provisions. In testifying to the soundness of the banks he pointed to the fact that there has been but one failure in the State during the past year. The President covered many other features of local interest, and congratulated the various committees who had worked harmoniously throughout the year for the advancement of the Association.

The report of Secretary Paul Hardey, cashier of the Interstate Trust Company, Denver, and Treasurer George F. Trotter, assistant cashier of the First National Bank, Pueblo, showed that the Association had experienced an active year, and had progressed along different lines of work in the interests of the banking business.

Gordon Jones, president of the United States National Bank, Denver, made an address on "European Country Banking Systems," in which he gave

a most instructive and interesting account of his observations while on his trip in Europe, he having been appointed by the Governor of Colorado as a representative of that State to study foreign banking. In talking on the subject of land credits he explained very fully how they were carried on in the countries which he had visited.

Festus J. Wade, president of the Mercantile Trust Company, St. Louis, talked on the banking and currency bill, and addresses were also made by D. W. Working, J. William Hudson and others.

Resolutions were adopted covering local questions and different phases of agricultural advancement. Also resolution of thanks to the South West National Bank of Commerce, Kansas City, for the presentation to the Association of a handsome silver mounted gavel.

The entertainment provided by the Denver bankers was of a varied character and the hospitality extended was fully appreciated by the guests.

The officers elected for the current year are as follows: President, Fred. O. Roof, vice-president of the Minnequa Bank, Pueblo; Vice-President, James C. Burger, cashier of the Hamilton National Bank, Denver; Secretary, Paul Hardey, cashier of the Interstate Trust Company, Denver (re-elected); Treasurer, D. T. Stone, cashier of the United States Bank & Trust Company, Grand Junction.

Members of the American Bankers Association in Colorado made the following nominations: Member of the Executive Council, Harry M. Rubey, the retiring President of the State Association; Vice-President for Colorado, Frank N. Briggs, president of the Interstate Trust Company, Denver; Member of the Nominating Committee, W. T. Ravenscroft, president Federal National Bank, Denver.

CONFERENCE OF ASSOCIATION COMMITTEES ON AGRICULTURAL DEVELOPMENT AND EDUCATION.

THE committees on agricultural development and education, representing Bankers' Associations from forty States, held their third annual conference in Kansas City on Tuesday and Wednesday, August 26th and 27th.

The conference was presided over by Joseph Chapman, Vice-President of the Northwestern National Bank, Minneapolis, and Chairman of the Committee on Agricultural and Financial Development and Education of the American Bankers Association. Mr. Chapman, who has a national reputation, being the principal promoter of the work, told of the origin of the movement and the results accomplished in the State of Minnesota, and that elementary agriculture is being taught in eighty rural schools and more than one hundred high schools. He gave an interesting outline of what is known as the "Rag Baby," by which the pupils are taught how to test the germinating qualities of seeds.

Mr. Chapman said: "The banker lends his money to the farmer. The better crop the farmer harvests the more secure becomes the loan. It is not generosity or philanthropy that prompts the banker to try to increase the efficiency of the farmer. It is a selfish interest."

Several hours were given up to routine business, the subjects of good roads, better farming methods and vocational education claiming the attention of the bankers.

Jerome Thralls, manager of the Kansas City Clearing House, in addressing the conference, said that it was their hope to make the good roads movement national, as it was one of the problems that touches most closely upon the farmers' needs. B. F. Harris, Vice-President of the First National Bank, Champaign, Ill., and a member of the Agricultural Committee of the American Bankers Association, who is also an aggressive advocate of the teaching of agriculture in schools, spoke on the many phases of advantages to be obtained in the education of the boys and girls; that matters pertaining to agriculture should, to a certain extent, permeate all their studies. W. G. Edens, of the Central Trust Com-

pany, Chicago, in speaking of good roads, said they are of vital interest to the farmer and of paramount importance to the farming industry to enable the farmer to convey his produce to the markets. He said that while the bankers of the country have performed splendid service in this movement, he believed there was still much to be done in spreading the good roads gospel, and that they should not lose sight of the important influence which good highways necessarily have on their welfare. The bankers are not the only class who are engaged in this movement and they should co-operate with the other interests working along the same lines. Frank H. Williams, of Michigan, said: "The bankers have been too long taking interest from the farmer and not taking interest in him. This is a wonderful educational campaign and it means the development of the farmer and farm life to the fullest extent."

Other speakers at the conference were Sam Jordan, of Pettis County, Mo.; P. W. Goebel, representing the associated bankers of Kansas City; Prof. J. H. Miller, of the Kansas Agricultural College; Frank Bailey, of the Title Guaranty & Trust Company, Brooklyn; Thomas Cooper, manager Better Farming Association of North Dakota; Hon. J. C. McDowell, Department of Farm Management, U. S. Department of Agriculture; Hon. J. W. Bailey, former Governor of Kansas.

The following resolutions were adopted by the conference:

Whereas, The question of the easy and profitable marketing of farm products is one of the most perplexing problems confronting the American farmer and is an issue of supreme importance in the realization of a better agriculture for our country; and

Whereas, a Bureau of Marketing has been established by the United States Department of Agriculture to thoroughly consider this question, the functions and powers of which Bureau are not yet clearly understood by us; therefore

Be it resolved, That the President of the conference appoint a special committee of three to investigate the workings of the Bureau of Marketing, with instructions to report its findings at the Convention of the American Bankers Association to be held in Boston next October.

Whereas, Farm demonstration work through local or county demonstrators has proven to be the most practical and effective means of improving farming methods; and

Whereas, The Government now and for many years past has contributed thousands of dollars toward such work in certain States and little or nothing to others; therefore

Be it resolved, That we, the Conference of Agricultural Committees of the various State Bankers' organizations, in convention assembled, hereby endorse and earnestly urge legislation on the part of Congress which will provide generous federal aid in all the States more or less after the plan, but on a more ample scale than provided by the Lever bill introduced in the last Congress with reference to straight farm demonstration work.

Whereas, We are in sympathy with the efforts to facilitate farm as well as other credits; and

Whereas, Legislation is contemplated more especially with reference to rural banking; therefore

Be it resolved, That in order to be of greatest service in this direction we request the Agricultural Committees of the various State Associations to inform themselves locally on this important subject by getting information through the medium of questions and correspondence with every member of their respective Association.

Resolved, That we request the Executive Committee and Secretary of the American Bankers Association through program and otherwise to issue notice of and provide for a meeting of this conference at the coming Boston Convention of the A. B. A., such conference to be held during the time to be devoted to the various section meetings. We suggest that

such notice be sent to the Secretary of each State Association with instructions to notify his respective Agricultural Committees, or in the event that they have no such standing committees, the President of such Association be requested to select banker farmers as delegates to represent them.

Whereas, The Conference of Committees on Agriculture and Vocational Education of the various State Bankers' Associations in convention assembled are convinced that education fitted to the needs of citizenship is the most vitally important work which any people or nation may engage in; and

Whereas, Part of such purpose may be largely accomplished through vocational instruction of the children in the grades as well as in the high schools of the country; and

Whereas, Our committees, being especially concerned with agriculture and instruction in that line in the country schools, realize that they need and must have the largest measure of aid, to the end that the country boy and girl may be placed on an equal footing with those in town; therefore

Be it resolved, That we urge both State and Federal aid in this direction.

Be it further resolved, That in all this work we especially urge the centralization and consolidation of schools, particularly in the country, and that such State and Federal aid be granted entirely with reference to carrying on such vocational work in connection with and as a part of our present public school system and administration as opposed to separate plants, organizations, etc. We believe in maintaining intact the integrity and undivided organization of what has been and should in larger measure continue to be our greatest glory and most democratic institution, namely, the Public School System for all the children of all the people.

Be it further resolved, That we heartily endorse the resolution to this effect adopted by the Agricultural Committee of the American Bankers Association, which resolution was reported by the Executive Council to the favorable consideration of the next convention.

Whereas, The three conferences of the State Bankers' Committees on Agriculture hitherto held have been productive of much good, opening up to the bankers a field of endeavor that is intensely practical and praiseworthy; and

Whereas, The impetus thus far gained and the results which have been accomplished are such as to forecast even greater possibilities for effective work in the future; therefore

Be it resolved, That in our opinion the work of the conference should be continued and the integrity and separate identity of this body should be preserved; and

Be it further resolved, That the President appoint a committee of three to formulate a plan whereby this may be done, with instructions to report at the convention of the American Bankers Association in Boston in October.

B. F. Harris was elected president of the organization for the current year, and he stated that the next meeting would probably be held in Chicago, although that question would be decided later by the Executive Committee.

The delegates were entertained at a luncheon on the noon adjournment of the first session, and on the day following were taken for an auto ride and supper at the Blue Hills Club. They also participated in other social functions.

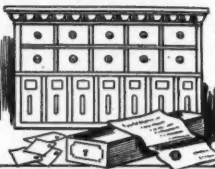
INVESTMENT BANKERS' ASSOCIATION.

THE second annual convention of the Association will be held in Chicago, October 28th, 29th and 30th at the Blackstone Hotel, and it is expected that representatives from about 500 of the leading investment banking houses in the United States and Canada will be in attendance.



MARIAN R. GLENN

LIBRARY AND REFERENCE DEPARTMENT



LIBRARIAN

THE LIBRARY DAY BY DAY.

AS interesting in their variety as a bank's customers are the questions which come daily to the Library. There are long inquiries which can be answered at once in a few words, and there are short requests for information which it may take days of research to secure. They come from country bankers, city bankers, from bank clerks and bank directors, association secretaries, business men and even college students. The queries cover every phase of practical banking from Acceptances to Zone Systems, and, although it is sometimes impossible to answer requests for certain statistics, none have yet been as difficult as that once asked by a public library patron who wanted to know where he could find "figures that would show whether there are more people than trees in the world."

From much loaning to Association members in different parts of the country some of the Library's material has become as traveled as a transit item. A collection of articles on mortgages returned safely from a trip to a trust company in Hawaii only to be sent at once to Texas, from there to a New England State and then out to the Middle West. Again, while certain data on guaranty of bank deposits was in Canada, a Western banker telegraphed his need of it for some arguments to be made before the Legislature of his state against a proposed bank guaranty bill, and those same articles afterward saw service in Oregon and in Pennsylvania. When material is wanted in several places at one time, its proper distribution becomes a delicate and difficult matter, as once happened during the discussion of the Aldrich currency bill, when the Library's collection on that subject was in demand the same week by six individual bankers, two A. I. B. debating teams and the economic department of a college.

A morning's mail may bring requests from bankers in as many States for information on subjects as widely different as branch banking, days of grace, Christmas savings clubs, overdrafts, reserves, credit statements and real estate loans. The letters may come from a banker who is to make an address before his next state convention, from another banker who wants pictures which will suggest a design for a new bank building, or from the enterprising cashier of a country bank who writes for specimen advertisements "which will make the farmers around here sit up and take notice." While this material is being looked up and prepared for mailing, perhaps a reporter comes from one of the financial papers for the picture and biography of some well-known banker, or to find out how many states have blue sky laws, or what the bankers are doing in agricultural extension. The answering of his question may be interrupted by a telephone call from some New York banker asking for the per capita circulation of money in the United States, the name of the president of a bank that went out of business thirty years ago, or the total amount of deposits in national banks.

A young bank clerk who aspires to become a bond salesman may take advantage of the noon luncheon hour to consult the Library's books on securities, or it may be a student of the American Institute of Banking in search of arguments for the next chapter debate. Possibly a bank examiner studying up on clearing house examinations is the next caller, and he may be followed by a messenger from some banker

in a nearby New Jersey town who has sent over for "everything you have on commercial paper."

Special collections on Trust Company, Clearing House and Savings Bank subjects must be made for the section secretaries, and whether a question be as general as "the value of co-operation," or as specific as a request for a "good system of handling pass-books," the Library must be prepared either to furnish the desired information or to suggest where it may be found.

"Where do you get the material?" is a frequent query, answered by the filing cabinets full of mounted clippings, magazine articles, pamphlets, addresses and statistics which now cover hundreds of subjects related to banking. It is from this traveling loan collection that bankers in thirty-seven States have borrowed over twenty-four hundred pieces of reference matter during the past year. The books on the Library shelves, the State Bankers' Association proceedings, the documents and bound financial periodicals are indexed by subject for the card catalog, which now contains more than 10,000 entries on banking and currency topics, and new material is being added daily to keep the Library's resources equal to its opportunities for service.

NEW GOVERNMENT PUBLICATIONS.

The Senate Banking and Currency Committee has published in pamphlet form the "Criticisms and Suggestions" and the "Miscellaneous Suggestions" received from bankers and others regarding the proposed currency bill.

Bankers with farmer patrons may be interested in calling to their attention the following new government pamphlets. They are for sale by the Superintendent of Documents at Washington.

"Controlling Canada Thistles," by H. R. Cox. (Farmers' Bulletin 545, issued by the Department of Agriculture.) Price, 5 cents.

"Storing and Marketing Sweet Potatoes," by H. C. Thompson. (Farmers' Bulletin 548.) Price, 5 cents.

"Index to the Yearbooks of the Department of Agriculture, 1906-10." Price 15 cents.

"Soils of the United States," issued as Bulletin 96 by the Bureau of Soils, is said to be a "very complete handbook of the soils of the United States." It is a book of 800 pages, with 13 folded diagrams and 2 maps in pockets. Price, \$1.00.

Copies of the Constitution of the United States, with the two new amendments, are now obtainable for 15 cents. The 16th amendment authorizes Congress to tax incomes and the 17th provides for the popular election of United States Senators.

The Library needs copies of the Crop Reports issued annually by the Continental and Commercial National Bank of Chicago for the years prior to 1908 to complete a set of those books recently received through the courtesy of Mr. Ralph Van Vechten. Doubtless members of the Association have office files of the Crop Reports which they will be willing to place in the Library for reference use.

LEGAL NOTES AND OPINIONS

THOMAS B. PATON · GENERAL COUNSEL

SATURDAY AFTERNOONS IN OHIO.

Last Spring an opinion was given to a banker in OHIO copy of which is published in the April JOURNAL (page 654) to the effect that under the present condition of law and the absence of direct judicial precedent, payment of a check on a holiday or half holiday would be of uncertain validity and at the risk of the bank should the drawer stop payment at the opening of business on the next business day.

In order to remove all question as to the validity of check payments on half holidays, should bankers desire to keep open and do business on Saturday afternoons, the legislature of Ohio on April 17, passed the following law which was approved by Governor Cox on May 6.

(House Bill No. 388.)

AN ACT

To amend Section 5978 of the General Code, relative to the Saturday half holiday.

Be it enacted by the General Assembly of the State of Ohio:

Section 1. That Section 5978 of the General Code be amended to read as follows:

Section 5978. Every Saturday afternoon of each year shall be one-half legal holiday for all purposes, beginning at twelve o'clock noon and ending at twelve o'clock midnight. Nothing, however, in this section or any other, or any decision of any court shall in any manner affect the validity of or render void or voidable any check, bill of exchange, order, promissory note, due bill, mortgage or other writing obligatory made, signed, negotiated, transferred, assigned or paid by any person, persons, corporation or bank upon said half holiday, or any other transaction had thereon.

Section 2. That said original Section 5978 of the General Code be, and the same is hereby repealed.

PUNISHMENT OF BANK SLANDERERS.

It is gratifying to note that three states this year have enacted the bill drafted by General Counsel to punish persons who maliciously circulate derogatory stories affecting the credit and standing of banking institutions. These are Connecticut, Oregon and Washington.

In Connecticut the penalty is fixed at not more than \$500 fine or one year's imprisonment or both. In Oregon the offender is punished by imprisonment in the county jail for a period of not less than one month, or by a fine of not less than \$250 nor more than \$500 or by both such fine and imprisonment. In Washington the law does not specifically fix the penalty but makes the offender guilty of a "gross misdemeanor" and thus subject to the general penalty for offenses of that class.

In Ohio this law was passed three years ago. This year the Ohio legislature has amended or rewritten the law to make it cover not alone derogatory statements affecting the solvency of banks but also false statements made with intent to depress the value of stocks and bonds. The amended act, which was passed April 28, and approved May 3, is as follows:

(Senate Bill No. 268.)

AN ACT

To amend Section 13383-1 of the General Code, to prevent the publication of derogatory statements affecting the solvency of banks and the value of stocks and bonds.

Be it enacted by the General Assembly of the State of Ohio:

Section 1. That Section 13383-1 of the General Code be so amended as to read as follows:

Section 13383-1. Whoever, directly or indirectly, wilfully and knowingly, makes or transmits to another, or circulates, or counsels, aids, procures or induces another to make, transmit or circulate, any false or untrue statement, rumor or suggestion derogatory to the financial condition, solvency or financial standing of any bank, savings bank, banking association, building and loan association or trust company, doing business in this State, or with intent to depress the value of the stocks, bonds or securities of any corporation, directly or indirectly, wilfully and knowingly makes or transmits to another, circulates or counsels, aids, procures or induces another to make, transmit or circulate, any false or untrue statement, rumor or suggestion derogatory to the financial condition, or with respect to the earnings or management of the business of any corporation, or resorts to any fraudulent means with intent to depress in value the stocks, bonds, or securities of any corporation shall be fined not more than one thousand dollars or imprisoned in the penitentiary not more than two years, or both.

Section 2. That said original Section 13383-1 of the General Code be and the same is hereby repealed.

COMPETENCY OF NOTARY.

The North Carolina legislature this year has passed a law providing that "no acknowledgment or proof of execution * * * of any mortgage or deed of trust executed to secure the payment of any indebtedness to any building or loan association shall hereafter be, or be held to be, invalid by reason of the fact that the clerk of the Superior Court or Justice of the Peace or notary public or other officer taking such acknowledgment or proof of execution * * * is a stockholder or director in such building or loan association.

This, of course, does not apply to banks but it gives basis to the thought that, the same necessity existing in banking business as in that of building and loan associations for a notary who is an officer or stockholder to sometimes act as notary public in taking acknowledgments of instruments running to the institution, the North Carolina legislature should be willing to make its legislation more general and applicable to all corporations.

The bill drafted by General Counsel to qualify notaries who are stockholders or officers of banks or other corporations is as follows:

Section 1. It shall be lawful for any notary public who is a stockholder, director, officer or employe of a bank or other corporation to take the acknowledgment of any party to any written instrument executed to or by such corporation, or to administer an oath to any other stockholder, director, officer, employe or agent of such corporation, or to protest for non-acceptance or non-payment bills of exchange, drafts, checks, notes and other negotiable instruments which may be owned or held for collection by such corporation: Provided, it shall be unlawful for any notary public to take the acknowledgment of an instrument by or to a bank or other corporation of which he is a stockholder, director, officer, or employe, where such notary is a party to such instrument, either individually or as a representative of such corporation, or to protest

any negotiable instrument owned or held for collection by such corporation, where such notary is individually a party to such instrument.

Since 1908, when this law was drafted, its enactment has been procured in Michigan, Montana, New Jersey, Wyoming, Maine and South Dakota. These enactments were previous to the present year. This year its passage has been procured in two additional States—New York and Washington. The New York legislation is substantially the same as the draft of bill above quoted. In Washington that part of the bill giving power "to administer an oath to any other stockholder, director, officer, employe or agent of such corporation" has been eliminated. The disqualifying provision making it unlawful for a notary to take acknowledgments where he is a party to such instrument "either individually or as a representative of such corporation" has also been changed so as to restrict the disqualification to cases where the notary is a party individually, the words "either" and "or as a representative of such corporation" being omitted from the law as passed.

BANK ACCOUNTS OF MINORS.

A number of States have statutes permitting minors to carry accounts and make withdrawals the same as if they were of age. These statutes, however, are quite generally applicable only to savings banks, and there is very little legislation in this country to remove the common law disability of minors with reference to checking accounts in commercial banks. And yet it is not infrequent nowadays for young men before they reach the age of twenty-one to engage in some kind of business which requires the facilities of a bank account and legislation would therefore seem desirable, applicable to commercial as well as to savings banks, which would permit the bank to pay a deposit of a minor to him or his order with equal validity as if the minor were of age.

In this connection it is of interest to note that two States this year have adopted legislation to this end. In the new banking code passed by the last General Assembly of Colorado, which became effective July 15, Section 49 provides that "banks may receive deposits directly from minors and pay the same to their order." The word "bank" as used in the act is defined to include every person, co-partnership and corporation, except national banks, engaged in the business of banking in the State of Colorado.

Before the passage of this act the only statutory provision in Colorado with regard to deposits of minors related to those in savings banks and au-

thorized payment of a deposit in a savings bank to a minor without guardian. The new legislation in Colorado on this subject indicates a recognition of the growing necessity that such legislation apply to deposits of minors in commercial as well as in savings banks.

To the same effect is legislation passed this year in Delaware. The following act was passed in February of this year:

CHAPTER 196.

An act relating to deposits by minors in banks, savings banks, savings institutions and trust companies.

Be it enacted by the Senate and House of Representatives of the State of Delaware in General Assembly met, two-thirds of all the members of each House concurring therein:

Section 1. It shall be lawful for any bank, savings bank, savings institution or trust company to receive money on deposit from or in the name of any minor, and when any deposit of money shall be made by or in the name of any minor with any bank, savings bank, savings institution or trust company in this State, the same shall be held for the benefit of such depositor in the same way and to the same extent as if such depositor were an adult person, and it shall be lawful for such depositor to make drafts or withdrawals thereof, and such deposits shall be paid, together with the dividends and interest thereon to the person in whose name the deposit have been made, or upon his or her written order, and the receipt or acquittance of such minor shall be a valid and sufficient release and discharge to the bank, savings bank, savings institution or trust company for such deposit or any part thereof. Provided, however, that any such bank, savings bank, savings institution or trust company shall have the right to refuse any deposit offered by or in the name of a minor.

Sec. 2. Any minor depositing money with a bank, savings bank, savings institution or trust company shall be subject in all transactions connected therewith, as between himself or herself and such bank, savings bank, savings institution or trust company, to all the obligations, equities and defenses to which an adult person would be subject in similar transactions.

Sec. 3. That all acts or parts of acts inconsistent herewith be and the same are hereby repealed, and this act shall take effect immediately.

Approved February 19, A. D. 1913.

OPINIONS OF GENERAL COUNSEL.

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

BANK'S STATEMENT AS TO CUSTOMER'S FINANCIAL CONDITION.

Bank, whose officer makes false statement of customer's financial condition which is relied on by one extending credit to his injury, is not liable for unauthorized act of officer, unless bank derives benefit; but officer personally liable.—Law applicable to recovery of damages for false statements reviewed.

From Iowa.—At some time I have seen a decision that has left the impression on my mind that a bank under certain conditions renders itself liable for expressing an opinion regarding the financial condition of one of its customers if it did not relieve itself from such liability by some expression expressly declaring that it is only given as an opinion and based on information it had.

A case has recently come to my attention wherein such a decision would be of importance and thinking that it would not be perhaps imposing on your office too much, I state the case

briefly asking that you give me an expression of your opinion or take such action as you care to in answer.

Several months ago a bank in Iowa, having under consideration the purchase of a note made by a Georgia firm, addressed the local bank where the firm did its business, asking for such information regarding its affairs as the local bank was able to give. In the reply, words of general and pointed praise were used as to the firm's general character and in conclusion this language: "He is worth approximately \$20,000 and we are sure a note for \$600 on him is perfectly good and collectible." No qualifying language or waiver of liability is expressed in any way in the letter; just a flat straight statement that the man is good and responsible in the language above given.

I have been educated for about forty years now to understand that whenever I made a report regarding a man's financial worth, it was necessary to use some language that would relieve myself and the bank from any liability. I believe that is generally the custom and it is the

belief in most quarters, I think, that if something of the kind is not used, there is danger of creating a liability against the company or the writer.

If you can give me some light on the point either directly or publicly, as you may prefer, it will very much oblige not only myself but a great many others, I think, for it is a matter that comes up almost daily in the country banker's life.

It is frequent for a bank or its officers to be called upon by some other bank or by a merchant for information as to the financial condition of a particular customer with a view to extending him credit if the information is satisfactory; and sometimes also a bank officer will volunteer information to enable one of the customers of the bank to obtain credit. Assuming the information is false and is relied on to the detriment of the one receiving it, the question arises (1) is there a good cause of action for damages (2) against whom?

Upon the first question the authorities support the proposition that a false representation as to the financial condition of another, made with intent that it shall be relied on and which is relied on by the one to whom made, to his injury, will involve the one making the false statement in liability for the damages sustained, not only where the statement is known to be false when made but, according to the weight of authority, even where it is made in ignorance of its falsity; that is to say, recklessly or negligently or where the one making the statement has no knowledge or well-founded belief as to the truth of what he asserts.

This liability will not attach to a mere expression of opinion as to another's financial responsibility, honestly given as such and not as a statement of fact; but if the opinion is dishonestly given by one who knows the facts do not justify it, liability may be incurred.

In support of the above, a few authorities will be cited.

Where one makes false representations as to the solvency and financial condition of a third person, knowing the statements to be false and intending that the person to whom they are made shall act upon them, which he does to his injury, the speaker commits actionable fraud. *Henry v. Allen*, 93 Ala. 197; *Einstein v. Marshall*, 58 Ala. 153; *Goodale v. Middaugh*, 8 Colo. App. 223; *Endsley v. Johns*, 120 Ill. 469; *Bowen v. Carter*, 124 Mass., 426; *Beebe v. Knapp*, 28 Mich., 53; *Hamlin v. Abell*, 120 Mo., 188; *Hancock v. Osmer*, 153 N. Y., 604; *Weeks v. Burton*, 7 Vt., 67; *Show v. Gilbert*, 111 Wis., 165.

Especially on the point that knowledge of falsity of the statement is not essential to the liability, I would refer to the following:

In *Goodale v. Middaugh*, 8 Colo. App. 223, defendant was adjudged liable for representations made to plaintiff as to the responsibility of a third party whereby plaintiff was induced to part with \$2,500 on a worthless note and it was held not essential for plaintiff to show that defendant at the time of making the representations knew they were untrue; it was sufficient if he professed to speak of his own knowledge about a matter not known to the plaintiff.

In *Einstein v. Marshall*, 58 Ala., 153, defendant made false representations to a wholesale merchant at a distance as to the responsibility of a prospective buyer on credit and was held liable for the damages sustained. In the course of its opinion the court said that a representation as fact of that which the party knows to be false "or of that of the truth of which he has no knowledge or well-founded belief" will make the party liable where the one to whom it is made is deceived and suffers loss in consequence of the false statement.

The rule has been laid down in Michigan that if there was in fact a misrepresentation, though made innocently, and its deceptive influence was effective, the consequences to the plaintiff being as serious as though it had proceeded from a vicious purpose, he would have a right of action for the damages caused thereby. *Busch v. Wilcox*, 82 Mich. 315; *Holcomb v. Notle*, 69 Mich. 396. And in Nebraska, Texas and

Wisconsin a similar doctrine has been announced. *Bauer v. Taylor* (Neb., 1904), 98 N. W. 29; *Watson v. Baker*, 71 Tex. 739; *Krause v. Busacker*, 105 Wis. 350.

By the weight of modern authority it is held that the law imputes an intention to deceive in every case where one recklessly asserts that to be true which is untrue, and concerning which he pretends to have a knowledge which he has not. 1 *Cooley*, Torts, 501; *Brooks v. Hamilton*, 15 Minn. 31; *Lynch v. Trust Co.*, 18 Fed. 486; *Caldwell v. Henry*, 76 Mo. 254; *Cooper v. Schlesinger*, 111 U. S. 148.

Concerning expressions of opinion as distinguished from statements of fact the rule is that if there is a mere expression of opinion or a statement which will be regarded as an expression of opinion there will be no liability if honestly given, although it is erroneous. But it is by no means true that expressions of opinion can under no circumstances be fraudulent. There are well-defined exceptions to the rule as firmly established as the rule itself. If a person expresses as his opinion what is not his opinion and knowing that the facts are not what his expressed opinion would imply that they were, he may in case the other party is entitled to rely on his opinion be guilty of fraud. *Montgomery So. R. R. Co. v. Matthews*, 77 Ala. 357; *Thompson v. Phenix Ins. Co.*, 75 Me. 55; *Birdsey v. Butterfield*, 34 Wis. 52.

The above being the law generally concerning the liability of one person who makes a false statement to another concerning the financial condition of a third upon which such other relies to his injury, the second question which more particularly concerns us is whether, where an officer of an incorporated bank makes a false representation to another bank or to a merchant as to the financial condition of a customer of the bank, this is such part of the bank's incidental business as to make the statement the act of the bank for which it is liable or whether the officer in making such statement acts outside the sphere of his duties and only incurs a personal liability in the event the statement works injury to the one to whom made.

The authorities seem to support the view that the making of statements as to the financial responsibility of customers is no part of the banking business and that a bank officer has no authority to make such statements on behalf of the bank and does not bind the bank thereby, except that where the bank has profited by the false statement, it will be held liable, although this has been denied. To briefly refer to the cases:

In *Crawford v. Boston Store Mercantile Co.*, 67 Mo. App. 39, it was held that a cashier has no apparent or implied authority, by virtue of his office, to make any representation on behalf of the bank as to the solvency of one of its debtors and therefore the bank will not, in the absence of evidence of authorization, be bound or estopped by such representation made by him in reply to an inquiry on the subject.

In *Horrigan v. First Nat. Bank*, 56 Tenn. 137, it is held that answering questions as to the solvency of parties is no part of the business of the cashier of a bank, nor fairly included within the scope of such business, but may be and probably is an incident of such position, but not an incident to it, and in such a case no liability attaches to the bank.

In *First Nat. Bank v. Marshall & Ilsley Bank*, 83 Fed. 725, it was held that the cashier of a bank does not act as its agent or representative in answering an inquiry addressed to him by another bank as to the business standing of a third person and the bank is not bound nor estopped by statements so made by him—his act being one not relating to the business of the bank, but simply one of customary courtesy, rendered without consideration—and that the failure of the officers of the bank in answering an inquiry from another bank as to the character and standing of a customer, to disclose the fact that the customer was indebted to their bank and that it held liens on certain of his property, will not estop it to assert such liens as against a mortgage subsequently taken by the inquiring bank.

In *Taylor v. Commercial Bank*, 174 N. Y. 181, in which the New York Court of Appeals reversed the Appellate Division and three of the seven Justices of the higher court dissented, a customer of the bank who was in debt to the bank to the extent of \$15,000

and was virtually insolvent, applied to the plaintiff for \$5,000 worth of merchandise on his note and referred plaintiff to the bank as to his responsibility. The cashier told plaintiff to take the note; it would be good and he would get his pay. Plaintiff sued the bank for false representations on which he was induced to sell goods to his injury. It was held: assuming (though not deciding) the representations were sufficient to render the cashier personally liable, the bank is not liable for the statements made by its cashier. When made, the cashier was not engaged in the transaction of the bank's business, and it is no part of the duty of a bank cashier to make representations as to the responsibility of its customers or others. The court said that the making of such representations was not inherent in his office and there was no evidence that the bank had conferred special authority on him to bind it in this way. The three Justices who dissented premised their dissent with the statement that "there is no difference of opinion in the court concerning the following proposition: If A, being a depositor in a bank and desiring B to give him credit, sends him to the bank for information as to his financial responsibility and the cashier represents A to be worthy of credit, the cashier must be deemed to have acted in his individual capacity and his action would in no way bind the bank; that is to say, the relation of A to the bank being solely that of depositor would not justify the cashier in speaking officially." But the dissenting Justices based their opinion that the bank should be held liable upon the fact that the depositor in the case was heavily indebted to the bank, and as it was greatly to the interest of the bank that the depositor's credit should be maintained, it was urged that the cashier in making the statement should be regarded as acting officially and in the line of his authority as representing the bank.

In Nevada Bank v. Portland Nat. Bank, 59 Fed. 338, a cashier of a national bank made false representations as to the financial responsibility of a corporation customer for the purpose of procuring it credit. The representations were to the effect that its business "is prosperous," "well organized," "doing a large business," "valued customers of ours"; that an investigation of its business and responsibility had been made; and a copy of the customer's annual statement was forwarded which was false. The representations were relied on by the bank to whom made to its injury. An action for damages was brought against the national bank in two counts, the first alleging that the national bank, through its cashier, had knowingly made the false and fraudulent statements, and the second count, instead of alleging the fraudulent knowledge and purpose of the bank, alleged that the national bank through its cashier "recklessly and negligently" made the false representations. The bank demurred, the effect of which was, admitting all the complaint said to be true, there was no cause of action. The court overruled the demurrers, holding that the representations were of fact and not of opinion and whether made knowingly or negligently and carelessly, would make the bank liable. But this decision holding the bank liable on such allegations must not be taken as supporting the view that the bank would have been held liable had it denied the authority of the cashier, for the court said: "It is argued that the defendant bank cannot be held liable to an action for injurious or fraudulent representations of its agents; and that the cashier of the bank is not from his mere position as such officer authorized to make statements for the bank; and that although the employment and official position of such officer may have given him the opportunity to make such statements, he may, nevertheless, have made the same as well when absent as when present at the bank. Authorities are cited which sustain this view. The language of the complaint, however, excludes this question from discussion. It is alleged in the complaint (and for the purpose of this demurrer the complaint must be taken to be true) that the defendant bank itself made the representations by its cashier."

In Liggett v. Levy, 136 S.W. (Mo.) 299, a bank in Missouri issued a writing on the letter-heading of the bank as follows:

"To whom it may concern. This letter will be presented to you by J. B. L— in the interest of the P— Co., who are valued customers of this bank. Their business has always been very satisfactory to us and we consider them wide-awake business men. Any favors shown to him by you will be highly appreciated.

"Yours respectfully,
(Sg.) "W. H. S—, Vice President."

Plaintiff who had advanced money on the faith of this letter to his injury brought suit against L— and the bank, alleging that both L— and the P— Co. were insolvent; that the statements in the bank's letter were false and untrue; that the bank knew of the falsity or that the statements "were made without any knowledge of the truth or falsity thereof." The bank demurred. The court in sustaining the demurrer said: "Was the letter one of commercial recommendation on which an action for fraud and deceit would lie against the bank because of false representations therein made? * * * We cannot look upon the letter as the procuring cause of L—'s financial credit as a borrower. The reasonable object of that letter fell far short of a loan. * * * There is another fatal omission in the petition. It does not allege that S— as Second Vice President had proper authority in the name of the bank to make the assurance contained in the letter."

The above cases indicate, I think with sufficient clearness, the prevailing view that the cashier, or other officer of an incorporated bank, national or State, unless expressly authorized, has no authority to bind the bank by a statement of fact as to the solvency of a customer for the purpose of having a third person rely thereon in extending credit to such customer. And therefore, although the statement is false and injury results, the bank cannot be held liable, but only the officer in his personal capacity. I will not take time to more than refer to Binghamton Trust Co. v. Auten, 68 Ark. 299, and American National Bank v. Hammond, 25 Colo. 367. In these cases the bank was held liable, not because its officer had authority to make the statements officially as to the financial responsibility of the customer, but because as a result of such statements the bank was benefited.

The foregoing review of cases, although somewhat hurriedly prepared, will, I trust, be instructive on the general subject, and, in the light thereof, applying the law to the facts of the particular case you submit, I would say that where, in response to an inquiry by an Iowa bank for information as to the financial responsibility of one of its customers, a Georgia bank returns words of general and pointed praise and specifically states that the customer "is worth approximately \$20,000 and we are sure a note for \$600 on him is perfectly good and collectible," which statements are false and are relied on to the injury of the Iowa bank, the latter has a good cause of action of deceit to recover the damages sustained against (a) the Georgia banker individually who gave the information, assuming his bank is unincorporated, (b) or in case the Georgia bank is incorporated against the individual officer who made the statement, (c) but not against the Georgia bank corporation unless it can be additionally proved that the Georgia bank benefited by the false statement, as, for example, by receiving the proceeds of the purchased note in reduction of the indebtedness of its customer.

PAYMENT OF FORGED CHECKS.

Non-responsibility of drawee to depositor where successive forged checks paid and returned as vouchers and no notice of forgery given for over three years—Liability to drawee of bank receiving payment of forged checks.

From South Carolina.—Between the months of January, 1909, and January 30, 1910, several checks were cashed on a neighboring bank for a man who presented checks, which were payable to his order, and purporting to be signed by his

wife. During a period covering some two years various checks were cashed for this same party, signed by his wife. Now we are served with a notice by paying bank that suit has been entered against them, claiming these various checks were forgeries, and giving us notice that we should be held as indorsers. What is your opinion? Can our bank be held after a lapse of three to four years when checks were all honored by paying bank? This bank claims to have balanced book of the drawer of the checks several times during this period, mailing passbook to her address, and never getting any notice that account was incorrect. Some two years ago this man separated from his wife and she is now claiming checks were forgeries.

The majority of courts hold that a bank which pays a check upon which the drawer's signature is forged cannot recover back the money from a bona fide holder to whom payment has been made and that the indorsement of the bank receiving payment is not a warranty to the drawee of the genuineness of the drawer's signature. See for example *Young v. Lehman*, 63 Ala. 19; *Johnston v. Bank*, 27 W. Va. 348; *Nat. Bank of Rolla v. First Nat. Bank*, 141 Mo. App. 719; *First Nat. Bank v. Bank of Cottage Grove*, 117 Pac. (Ore.) 293.

But in 1906 the Supreme Court of South Carolina in *Ford v. People's Bank of Orangeburg*, where a drawee sued to recover money paid upon a forged draft, refused to sustain a demurrer that the complaint did not state facts sufficient to constitute a cause of action and said: "The rule which protects a bona fide holder in his right to retain money paid by the drawee upon a bill or check to which the drawer's signature is afterwards discovered to be forged was first announced in *Price v. Neal*, 3 Burr. 1355. But in cases following this doctrine, the question of the holder's fault or negligence in acquiring possession, or of his conduct in misleading the drawee, may affect the question whether in equity and good conscience he should be allowed to retain the money. Whether the demurrer was properly sustained depends upon the meaning to be attached to the alleged presentment and indorsement of the draft by the defendant. Does such presentation and indorsement to the drawee represent that the signature of the drawer is genuine, or does it merely represent that the instrument is genuine as it purports to be in all respects, except as to the signature of the drawer, which the drawee is presumed to know? We are against the view, taken by some authorities, that an indorsement by a holder other than the original payee constitutes no representation or guarantee to the drawee that the signature of the drawer is genuine, at least to the extent that an unrestricted indorsement is calculated to mislead the drawee into a belief that the paper was what it purported to be. The facts stated in the complaint constitute a cause of action."

But in the case you submit there was not a single check, but a series of checks covering a period of over a year, signed by a wife payable to her husband, cashed by your bank for the husband and paid by the drawee, during which time the passbook was balanced several times and returned to the wife with paid vouchers without objection on her part and not until three years later was claim of forgery made.

In such a situation, assuming the checks were in reality forgeries, I think the depositor would be estopped by the neglect of duty to make examination and give information of the forgeries within reasonable time, from recovering the amount from the bank which paid the checks and that, in any event, so far as your bank is concerned, that bank would be bound and concluded by its act in paying successive forged checks and without right of recourse upon your bank to whom payment was made. The recent decision of the New York Court of Appeals in *Morgan v. U. S. Mortgage & Trust Co.*, 101 N. E. 871, and cases therein cited, establish the duty of a depositor to make an examination and verification of returned checks within a reasonable time, failing which duty he cannot recover from his bank the amount of a series of forged checks paid by it and charged to his account.

In the light of these cases I do not think the depositor will succeed in her suit against the bank which paid the checks; and even if successful I do not think the Supreme Court of South Carolina would so extend the principle of the Ford case to hold your bank liable in a case like the present. In the Ford case the court expresses the view that an unrestricted indorsement of a draft is calculated to mislead the drawee into the belief that the paper is what it purports to be. But where there are a series of forged checks, paid and charged up without objection for a period of over a year and returned to the depositor as paid vouchers, no objection being made for three years thereafter and no notice of the forgeries given to your bank until the end of that time, it is most unlikely that your courts would hold to the view that your bank guaranteed to the drawee the genuineness of these successive signatures of the drawer; far more reasonable is it to assume that it would be held that the first check, having been paid and charged up without objection, this was an indication to you that the signature was all right and a sanction and justification to cash successive checks bearing like signatures.

STALE CHECK.

Opinion that bank justified in refusing payment of check presented one year eight and one-half months after date on ground that check is "stale."

From Arizona.—About June 25, 1913, a customer deposited a check with us for \$4.65, dated October 10, 1911, and drawn on a bank in Philadelphia. He explained to us that this check with one other drawn on us had just been found back of the drawer in his cash register. We forwarded this item in the usual manner and it was returned to us unpaid, the reason given being that the date was "stale." We understand that payment had not been stopped by the drawer, and the only reason assigned for refusing payment is the date. Would you advise us whether this is sufficient reason for refusing payment?

There is no uniformity in the decisions as to just how long a check may be outstanding before it becomes stale so as to justify or make it the duty of the drawee bank to refuse payment without express instruction from the drawer.

In *Merchants & Planters Bank v. Clifton Co.*, 56 S. C. 320, an overdraft dated December 24th was presented to and paid by the bank December 30th. In an action brought by the bank to recover the overdraft the depositor contended that the check dated December 24th, not having been presented until the 30th, was stale and sufficient to put the bank on inquiry. But the court held the check was not stale and awarded recovery.

In *Lancaster Bank v. Woodward*, 18 Pa. 357, a depositor gave A his check payable the next month and within the month paid the amount to A in cash, but the check was not surrendered. A year later A deposited the check in his bank and it was presented to and paid by the drawee, although at that time the drawer had no funds in the bank. The court denied recovery by the bank from the drawer; the check was stale and the bank put on inquiry.

Most of the decisions as to just when a check becomes overdue or "stale" have dealt with the question of the right of a transferee to enforce the check free from defenses. Thus, checks have been held not stale when only a few days old and stale when a year old or more and in some cases where only a few months old. I will not take time to cite the various cases.

Concerning negotiation the Negotiable Instruments Act provides that "where an instrument payable on demand is negotiated an unreasonable length of time after its issue, the holder is not deemed a holder in due course"; and concerning presentment for payment the Act provides: "Where it (the instrument) is payable on demand, presentment must be made within a reasonable time after its issue, except that in the case of a bill of exchange, present-

ment for payment will be sufficient if made within a reasonable time after the last negotiation thereof." Further, "a check must be presented within a reasonable time after its issue or the drawer will be discharged from liability thereon to the extent of the loss caused by the delay."

Until the "reasonable time" rule of the Negotiable Instruments Act is more fully interpreted by the courts the exact period of time a check may be outstanding before it will be regarded as stale or overdue so as to (1) charge a purchaser with equities and (2) make it unsafe for a drawee to pay without express instruction must remain somewhat uncertain. In the present state of the law I should say that the refusal by the Philadelphia bank to pay a check dated one year eight and one-half months previous on the ground that it was stale was justifiable.

FORGERY OF INDORSEMENT TO NOTE.

Where indorsement of A is forged to note and, upon notice of dishonor, A does not assert forgery, but replies he has told maker to fix it up and after dishonor of a second note likewise forged, A for the first time asserts forgery of his indorsement to both notes, question considered whether A estopped to deny forgery in event his silence and acquiescence has prejudiced holder of notes.

From New York.—We submit the following for an opinion as to whether we have any redress in the matter: Some six months ago one of our depositors let a note go to protest. We notified the indorser at once, and not hearing from him placed in attorney's hands for collection. The attorney received word from the indorser that he had told the maker to fix the matter up at once and if it was not attended to let him know. This was then paid by the maker. On May 20th another note of the same parties went to protest and we placed this in attorney's hands after sending the usual notice and receiving no reply. After being served in the suit, the maker having died in the meantime, the indorser says he never indorsed the note or the first one either. Granting both notes were forgeries, have we no redress for his not notifying us of the fact before the maker's death? The maker died insolvent.

This is a case where the maker of a note upon which the indorser's name is forged procures its discount and lets it go to protest, and the purported indorser, upon being notified, does not inform the bank of the forgery, but simply notifies the bank that he has told the maker to fix it up and if he does not do so the bank should let him know. A second note, likewise forged, goes to protest three months later, and the purported indorser in this case pays no attention to notice of dishonor, but after suit brought states that his indorsement has been forged on both notes.

Of course, there was a moral obligation upon the purported indorser as soon as he learned that his indorsement had been forged on the first note to notify the bank; but was there any legal obligation, the non-performance of which would make him liable to the bank?

If the second note was taken by the bank before the first went to protest, then the only result of the failure of the purported indorser to notify the bank would be a possible deprivation of recovering something from the maker before he died insolvent, which the belated notice prevented. But assuming that the second note was not given until the first one was paid, then did the silence of the purported indorser as to the first note when, if he had notified the bank of the forgery, it would have prevented the discount of the second note, involve him in any legal liability for keeping silent?

If when the purported indorser received notice of dishonor of the first note he was aware of the forgery of his name (for there is a bare possibility that he might have had in mind some other transaction in which he had actually indorsed for the maker), and by failing to notify the bank thereof he made possible

the negotiation of the second fraudulent note or otherwise caused loss to the bank which such notification would have prevented, I think it is possible he might be held liable through the application of the doctrine of estoppel.

The principle of estoppel either by deed or in pais, as applied to negotiable paper, being intended to give credit and circulation to such security and to protect the honest holder thereof, *Forbes v. Espy*, 21 Ohio St. 474, it follows that parties thereto are often estopped from asserting defenses which might otherwise have been available, but which, in the light of their previous acts or representations, are unfair, fraudulent or prejudicial to plaintiff. *Bank v. Weston*, 172 N. Y. 259, where it was held that a partner who has knowledge that a co-partner is persistently using the firm name for the accommodation of others by indorsing notes in the name of the firm for purposes foreign to the partnership business, is estopped from questioning the validity of a note bearing such an indorsement, although made after the dissolution of the partnership, when he took no effectual means to put a stop to the practice and did not publish or communicate the fact of the dissolution of the partnership to the public or to parties who were giving credit to the firm name. In the course of the opinion the court said: "It is a general principle of law applicable to this class of cases that if a person either by words or conduct manifests his consent to an act which has been done he cannot question the legality of the act. If he has an interest to prevent an act being done, but so acquiesces in it as to induce a reasonable belief that he consents to it and the position of others is changed by their giving credit to his sincerity, he has no more right to challenge the act to their prejudice than he would have had it been done by his previous license. In equity where a man has been silent when in conscience he ought to have spoken he shall be debarred from speaking when conscience requires him to be silent."

Thus it has been held that if a party has at any time paid other forged bills and notes of the same party, under similar circumstances to the ones presented in question, he is estopped thereby from affirming such forgery. *Morris v. Bethell*, L. R. 5 C. P. 47, 21 L. T. Rep. U. S. 323; *Barber v. Gingell*, 3 Esp. 60. But mere silence for a fortnight from the time when a party has learned of the forgery, during which the position of the holder is in no way altered or prejudiced, has been held not to constitute an estoppel. *McKenzie v. British Linen Co.*, 6 App. Cas. 82, approved in *Freeman v. Cooke*, 2 Exch. 654. However, a person who knows that a bank is relying upon his forged signature to a bill, cannot lie by and not divulge the fact until he sees that the position of the bank is altered for the worse. *McKenzie v. British Linen Co.*, supra.

The decisions cited above illustrate the application of the doctrine of estoppel in cases somewhat analogous to the present and it is possible that doctrine might be successfully invoked in the present case, assuming the purported indorser knew that his name was forged to the first note concerning which he made an evasive answer to the bank if, in consequence of his failure to notify of the forgery, the bank was injured. Whether the courts would so hold cannot, of course, be foretold with certainty.

BANK COLLECTION.

Sending check to drawee is negligent and collecting bank liable if loss results therefrom.

From Pennsylvania.—In the event this Company would forward for collection direct to the payor bank a check deposited with us and the payor bank in remitting, say, New York funds, failed before we were able to collect the draft, would there be any greater responsibility on our part to our depositor than if we collected the check through our correspondent in the usual manner? The object in sending the check to the payor bank would be merely to facilitate prompt collection of the same.

A majority of courts hold that a collecting bank, unless its principal agrees or instructs it so to do, is negligent where it sends the paper direct to the drawee or payor and is responsible for any loss resulting therefrom. This is the rule in Pennsylvania. *Wagner v. Crook*, 167 Pa. 259. The reason you give that this method facilitates prompt collection of the paper has merit, but does not seem to weigh with the courts which hold to this rule. The rule is based on the idea that by placing the evidence of debt in the hands of the debtor, it enables him to destroy the evidence and deny the obligation, or at all events delay payment when his own interests are served thereby. As applicable to a primary debtor, such as the maker of a note, the rule may have justification but when applied to the drawee of a check, I think the advantages of direct presentation outweigh the considerations of risk, for an independent correspondent to whom the check is forwarded is just as likely to fail as the drawee. However, such is the rule in Pennsylvania, and the answer to your inquiry, therefore, is that there is a greater responsibility on your part to your depositor when you forward a check direct to the drawee than when you forward it through your correspondent in the usual manner. In the case stated, where the drawee's remittance draft is dishonored because of its failure you would incur liability to your depositor unless you could prove that no better results would have been obtained had the check been forwarded to an independent collecting agent at the place of the drawee.

CIRCUITOUS COLLECTION.

Where a bank in Baltimore holding for collection a check on an interior city in Pennsylvania, mails same to its Pittsburgh correspondent and the latter after making the collection, defaults as to the proceeds, opinion that the routing through Pittsburgh instead of direct to an agent in the city of the drawee, was not negligent.

From Pennsylvania.—Will you please give me your interpretation as to what constitutes "due diligence" in routing a check for collection? Would a bank in Baltimore, Md., receiving a check on State College, Pa., and forwarding for collection to Pittsburgh be liable through a charge of negligence or lack of due diligence, provided their Pittsburgh correspondent failed after receiving payment from State College?

The old rule of the law merchant governing diligence in presentment of a check payable at a distant place was that the collecting bank must forward it, not later than the day following its receipt, direct to an agent at the place of payment and such agent must, not later than the day following its receipt by him, make presentment. If by sending the check in a roundabout way through correspondents, presentment was delayed beyond the period in which it would have been made if sent direct, and loss resulted therefrom, the collecting bank was responsible for its negligence. See for example *First Nat. Bank v. Miller*, 37 Neb. 500; *Gregg v. Beane*, 69 Vt. 22. But if by such circuitous method of presentment the check was presented not later than if it had been sent direct on the day after its receipt, the fact that it followed the roundabout course was immaterial. *First Nat. Bank of Grafton v. Buckhannon Bank*, 80 Md. 475.

Since the passage of the Negotiable Instruments Act it has been held under that act that the forwarding through a city correspondent is not a negligent method of presentment. *Plover Sav. Bank v. Moodie*, 135 Iowa 635. That case in effect holds the Negotiable Instruments Act sanctions banking customs of forwarding checks through city correspondents and changes the more rigid rule of the law merchant which requires sending direct to an agent at the place of payment provided by the law merchant. To be more specific it was held among other things:

1. Under the Negotiable Instruments Law, a

check must be presented for payment within a "reasonable time" to hold the indorser and by that law, one of the standards by which reasonable time is determined, is the usage of the business world. The method of banks of presenting distant checks, through a chain of correspondents, is matter of common knowledge, and presentment according to that method is within a reasonable time.

2. Checks may be negotiated, from hand to hand, from bank to bank and from city to city, within reasonable limits, no matter how long outstanding, provided one negotiation promptly follows another, and a prior indorser will remain liable where presentment for payment is made within a reasonable time from the last negotiation.

3. An indorser's ignorance of banking customs of circuitous presentment does not relieve him from the binding effect of such customs.

4. This opinion not to be construed as sanctioning unreasonably circuitous routes and methods.

It is to be observed that the cases under the law merchant and the Iowa case under the Negotiable Instruments Act above referred to have held presentment in a roundabout way through a city correspondent negligent or sufficiently diligent with reference to the element of time or delay in making presentment where, in the interim between the possible and actual time of presentment, the drawee has failed or the drawer has withdrawn his funds or they have been attached.

The case you present is different. Here the roundabout routing from Baltimore to State College through Pittsburgh did not result in non-payment through delay but the check was paid by the drawee and the loss, if any, resulted from the failure of the Pittsburgh correspondent which collected the money. In the light of modern banking customs to forward checks payable at distant points through correspondents at commercial centres, I do not believe the courts would hold the Baltimore bank was negligent in sending this check to the Pittsburgh bank.

Before closing this opinion I must note a recent decision of the Appellate Court of Illinois, which, on some points, differs from the Supreme Court of Iowa in the Plover bank case. *First National Bank v. Mackey*, 157 Ill. App. 484. On Friday, May 21, between 2:30 and 3 p. m., a check on a bank at Polo, Illinois, was deposited in a bank at Chadwick, twenty miles west. One daily mail went from Chadwick to Polo, closing at 4:40 p. m. The check was not forwarded in this mail but on Saturday, May 22, was mailed to a Chicago correspondent which received it Monday, May 24, and that afternoon mailed it to a correspondent at Polo, by whom it was received, presented and protested May 25. The court held the indorser was discharged because of unreasonable delay in presenting the check; that under the rule of diligence as it existed prior to the Negotiable Instruments Act, circuitous routing was sufficient negligence to release the indorser; that without deciding whether the custom which was proved to send through a city correspondent was within the meaning of the Negotiable Instruments Act, if the bank at Chadwick designed to avail of that custom it should have sent the check out by the 4:40 p. m. mail of the day it was received and not waited until the next day; that the provision of the Negotiable Instruments Act that regard must be had to usage in determining reasonable time does not mean that a check may be sent for collection in a roundabout way through many banks and that the reasonable time of presentment begins after the last time it is sent on for collection; therefore, even if the bank at Chadwick had a right under the custom of banks to send the check via Chicago, it did not use due diligence in so sending it and the indorser was discharged.

Without discussing the points of difference between this Illinois case and the Iowa case referred to, I do not think the Illinois case in any event affects the conclusion reached in the present case, where the question is not whether the sending of the check through Pittsburgh resulted in delay which discharged an indorser but whether the sending through Pittsburgh at all was a negligent act. I do not think, in the light of the custom of banks so to send, that it was.

PROTEST OF CHECK ON SAVINGS BANK.

Check on Savings Bank payable "on presentation of passbook" is not negotiable and not subject to protest.

From New York: We have read with interest your remarks on question as to "protest of check on savings bank." In your remarks you state "the holder is not chargeable with any condition of payment not existing on the face of the check itself, etc." We herewith enclose blank check on this bank which states specifically that payment is to be made on presentation of the passbook.

C ———, N. Y.,191
 C ——— SAVINGS BANK
 Pay to.....or Bearer, \$.....
 Dollars,
 On Presentation of my
 Passbook, No..... Sign Here.....

In spite of such provision, however, we have checks continually presented for payment without the passbook being produced, and as some of them are presented through other banks, seemingly different views are held as to the necessity of a protest if payment is refused by us on account of the book not being presented. Our own opinion is that as the condition has not been complied with in regard to payment of check, that the presentation is incomplete, and that no protest is necessary. Shall be glad to have your opinion.

Section 20 of the Negotiable Instruments Law of New York provides that a check to be negotiable "must contain an unconditional * * * order to pay a sum certain in money." The check in question does not contain an unconditional order, but the order is conditional on presentation of the passbook, therefore it is not a negotiable instrument.

Section 189 of the same Act provides:

"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 the case of foreign bills of exchange."

Under this, as well as under the rule of the law merchant, protest is only authorized in case of a negotiable instrument; a non-negotiable instrument is not properly protestable.

Your opinion, therefore, is correct that where a check such as described is presented without the passbook, the presentation is incomplete and the protest is not only not necessary, but invalid.

WRONGFUL DISHONOR OF CHECK.

Where check refused payment because of clerical error and depositor is a merchant or trader, substantial damages are by most courts presumed without his proving actual damage, but where a non-trader, some courts hold he must prove actual damage to recover anything more than nominal damages.

From Pennsylvania.—Some weeks ago one of our bookkeepers inadvertently credited a deposit of \$40. odd to the father of the party making the deposit. The account was a small and unprofitable one and we had permitted it to be overdrawn on several occasions. As a result of the clerical error two small checks—one given for lodge dues and the other for payment of a merchandise account—were refused but not protested. Our depositor is now threatening suit and his attorney is basing the strength of his claim on a similar case in which the First National Bank of Wilkesbarre, Pa., was defendant. In this case the jury awarded a verdict of \$700. The judge later ruled that the case must be settled for \$500., or a new trial would be granted. Settlement was effected and the bank paid \$500. and costs. In the Wilkesbarre case the plaintiff

was a merchant, jobbing in merchandise in a small way. It was demonstrated that his business was unprofitable to the bank; and also that the bank fully repaired any damages to his credit by explaining their error and taking responsibility therefor. In the face of all these adverse conditions the plaintiff was awarded a verdict. In our case the plaintiff is a carpenter and think it will be difficult for him to establish a case of actual damages. We are inclined to fight the case if we have any sound basis for the defense. If you can give us any light, based upon your own experience, that would guide us to right conclusion in this matter, we would very much appreciate it.

Some courts make a distinction in the case of wrongful dishonor of checks between depositors who are merchants and traders and depositors who are non-traders holding that in the latter case substantial damages will not be presumed but the depositor must prove actual damages in order to recover anything substantial. In your case the depositor is a carpenter and you say it will be difficult for him to establish actual damages. It might be well under these circumstances to fight the case.

In the JOURNAL for June, 1912, I collected all the authorities on this subject including the cases in your state. I suppose you have a copy of this number of the JOURNAL and it will serve your purpose equally as if I wrote you a long opinion. It might be well for your attorney to examine these cases and especially to see whether the Pennsylvania courts in any case have intimated that they would allow substantial damages to a non-trader without his proving special damages. In other words whether they make any distinction between a merchant and a non-trader in this regard. In the case of Third Nat. Bank of St. Louis v. Ober 178 Fed. 678, a case decided by the U. S. Circuit Court of Appeals, Eighth Circuit, the court cites the authorities pro and con to the effect that if the depositor is a merchant or trader substantial damages will be presumed, but if he is not a merchant or trader, there is no such presumption and where the act of the bank was without malice and simply the result of a clerical error, he is entitled to recover only nominal damages unless special damages are alleged and proved. If you can maintain the principles of this decision in Pennsylvania, then it would be well to fight the case. But if the Pennsylvania courts, in any of the cases wherein substantial damages have been awarded, have held or intimated that a non-trader is entitled to substantial damages, without proving them, equally as a trader, your success of course would be more uncertain.

WRONGFUL NEGOTIATION OF CERTIFIED POST-DATED CHECK.

Where a check is post-dated December 1, and certified June 1 preceding and negotiated by the payee in breach of trust four months after date of check, question considered whether (1) irregular certification put purchaser on inquiry (2) check was overdue when negotiated, so as to deprive purchaser of status of bona fide holder.

From Arkansas.—We will appreciate your giving us the benefit of your opinion relative to the following:

A check is drawn by A. upon his bank payable to the order of B. The bank certifies to the check on the 1st of June, 1912, and it is dated December 1, 1912. The check was put in escrow in the hands of a trustee to be turned over only upon the performance of a certain contract by B.

The trustee and B. conspire together and the trustee turns the check over to B, without his first complying with the conditions upon which it was placed in escrow, for the purpose of defrauding A. The check is taken to another state four months after it is dated and sold to a bank

which has no notice of the fraud or of any defect in B's title to the check.

The question is whether the purchasing bank stood in any better attitude than B, with reference to its right to collect it. It is contended by A that the check was like a note or acceptance due December 1, and that at the time it was purchased by the bank it was four months overdue, and when the purchasing bank received it it was put on inquiry by reason of the fact that it was past due paper and hence the claim is made that the bank stands in no better attitude than the fraudulent transferrer.

This is a case of a check post-dated December 1, 1912, certified June 1, 1912, before its date, delivered to a trustee in escrow and in breach of the trust delivered to the payee who, four months after its date, on March 1, 1913, negotiates it for value.

The question is whether the purchaser is a bona fide holder who can enforce the check free from equities.

I assume that delivery to the payee, though wrongful, was sufficient to make the check a binding obligation in the hands of a bona fide holder.

If the certification of the check was not dated and the instrument bore no evidence that it had been certified when post-dated, I think that its negotiation four months after date would not be held a negotiation when overdue so as to put a purchaser on inquiry. It is doubtful whether even an ordinary check negotiated four months after its date would be sufficiently old to put a purchaser on inquiry. (For example a check negotiated five months after date has been held in *Bull v. Bank of Kasson*, 123 U. S. 105, not overdue and not subject to defenses while to the contrary in *Cowing v. Altman*, 71 N. Y. 435, a check negotiated five months after date has been held open to defenses); and in case of a regularly certified check a majority, but not all courts, hold that such check is not due until demanded and the statute of limitations does not begin to run until that time. See for example *Girard Bank v. Bank*, 39 Pa. St. 92. I think therefore if there was nothing on the face of this check to indicate that the certification was not made in regular course, its negotiation four months after date would not put a purchaser on notice.

But your letter implies that the certification was dated when made, June 1, and your inquiry is whether in such case, the certification of a check June 1, the check being dated and payable December 1, does not fix the date of maturity of the check December 1, the same as a note or acceptance with a fixed date of maturity, so that its negotiation thereafter would be of an overdue instrument and subject to equities.

It has been held in a number of cases that certification of a post-dated check before its date is an irregular act and puts the purchaser on inquiry. *Godin v. Bank of Com.*, 5 Duer (N. Y.) 76; *Champion v. Gordon*, 60 Pa. St. 474; *Clarke Nat. Bank v. Bank of Albion*, 52 Barb. (N. Y.) 592; although in Idaho where a post-dated check was certified for the drawer and there were funds on deposit, the certification was held proper and its effect was to make the check immediately payable irrespective of its date. *Smith v. Field*, (Idaho) 114 Pac. 663.

It seems to me, in the light of the majority of cases holding certification of a post-dated check irregular, that the purchaser of such a check which bears evidence on its face of its irregular certification would very likely be held chargeable with notice and put on inquiry although the purchase was not made until after the date of the check. If so, the check in the hands of the purchaser would be subject to the same defenses as if held by the payee.

Whether as suggested in the inquiry, a certification dated June 1, of a check dated December 1, following, would take the instrument out of the category of demand paper payable on and after its date and make it equivalent to a promise, dated June 1 to make payment December 1, and thus provide a fixed date of maturity after which the instrument would be deemed overdue, is a more

uncertain question. An analogy which might support this view is to be found in a number of cases decided between the years 1833 and 1899 which have held that where a depositor draws and dates his check on a certain date but inserts a future date of payment, the instrument is not a check because not payable on demand but is a bill of exchange payable at a future date. See for example, *Morrison v. Bailey*, 5 Ohio St. 13; *Bowen v. Newell*, 4 Seld. (N. Y.) 190. The question for determination in these cases was whether the instrument carried grace; if a check it would be payable without grace; but if a bill of exchange payable at a fixed time in the future, it would be entitled to grace under the law then existing. The courts in California, Delaware, Missouri, Georgia, Illinois, Minnesota, Ohio, Tennessee, New York and Oregon held the instrument to be a bill of exchange, entitled to grace, and contrary decisions were rendered in Massachusetts, Rhode Island and Pennsylvania. The question as to grace is no longer important, but if according to the reasoning of a majority of the cases a check having one date and made payable at a future date was a bill of exchange, having a fixed future time of maturity, equally it might be contended that a check post-dated, but having thereon an obligation of a bank dated at a previous day to make payment, was by analogy, a promise of the bank to pay on the fixed future date which the check bore and as such, the instrument matured on that date and was overdue thereafter.

However this might be held by the courts, it would seem at all events that a post-dated check bearing on its face evidence of certification before its date would carry notice of irregularity so as to put a purchaser on inquiry and deprive him of the status of a bona fide holder. On the whole case, therefore, assuming the check bore evidence of its certification at a date prior to the date of the check, I think there would be fair ground to defend its payment in the hands of the purchaser.

GARNISHMENT OF BANK.

Funds represented by outstanding negotiable certificate of deposit not subject to garnishment.

From Illinois.—Can a national bank be held liable upon garnishment of funds of a depositor, where same is in the form of certificates of deposit; same having been presented for payment through an innocent third party, or through another bank that has paid out cash on same or rendered something equivalent?

A bank, national or state, is not liable to garnishment by a creditor of its depositor for funds represented by an outstanding, negotiable certificate of deposit. The following statute and decisions in Illinois will support the above.

The Illinois statute provides as follows:

"No person shall be liable as a garnishee by reason of having drawn, accepted, made or indorsed any negotiable instrument, when the same is not due, in the hands of the defendant at the time of service of the garnishee summons, or the rendition of the judgment." *Hurd's Rev. Stat. Ill.* (1911) Chap. 62, §15.

In *Waine v. Kendall*, 78 Ill. 598, it was held that where a garnishee has given a negotiable promissory note to defendant in attachment, which is assigned before its maturity, he will not be indebted to such defendant, but to the holder, and will not be liable to garnishee process in the attachment.

In *Auten v. Crahan*, 81 Ill., App. 502, 505, the court said: "We are of the opinion the following propositions must be held as the law applicable to the facts of this case: First, that the certificate of deposit was a negotiable instrument having like qualities as a promissory note payable on demand; second, that it was not due until demand made, or until a sufficient time had elapsed to raise a presumption the paper was past due, in view of the manner in which the business of the bank was ordinarily transacted; third, that under the provisions

of Chap. 62, Pa. 15, Starr & Curtis' Ann. Statutes, it was protected from the effect of garnishment, even in the hands of the payee at the time of service or of the rendition of the judgment."

GUARANTY OF PAYEE'S INDORSEMENT TO CERTIFICATE OF DEPOSIT.

Where indorsement of payee is by another a guar-antee "all prior indorsements guaranteed" would cover authority to indorse and protect payor bank.

From Wisconsin.—A certificate of deposit payable to John Jones bears the indorsement of John Jones by Mary Jones. The collecting bank uses the stamp, "Pay First National Bank, all prior indorsements guaranteed." Does such guar-antee protect the paying bank, the signature of John Jones by Mary Jones not being author-ized?

I think the indorsement guaranteeing prior in-dorsements would protect the payor bank. It has been held in some cases that the rule holding the bank bound to know its depositor's signature extends to his indorsement as payee of a certificate of deposit and were the indorsement simply of the name of the payee, some question might possibly be raised whether the guarantee applied to the correctness of a signature, which the bank might be held bound to know without any guarantee. But in the present case, where the payee's indorsement is by another, the reason of the rule that the bank is bound to know the signature does not exist; the subject of the guarantee here is the authority of Mary Jones to indorse the signature of John Jones as well as the genuineness of Mary Jones' signature and as neither of these things is within the knowledge of the payor bank, I think without question the guarantee of prior indorsements would be effective and protect the payor bank

LIABILITY OF BANK DIRECTORS.

Fact that they receive no compensation does not re-lieve directors from liability for neglect of duty.

From Mississippi.—The bank in our town failed about eighteen months ago. The stockhold-ers had a meeting and appointed a committee of three of the directors, as a Stockholders' Com-mittee. This committee made arrangements to pay the depositors in full, but made no arrange-ments to pay the stockholders. Now six of the stockholders that were not directors are suing the Board of Directors for their stock. The laws of this State provide for regular examinations of the banks in Mississippi by the Board of Directors once every quarter. The stockholders that are suing claim that the Board of Directors failed to make these examinations. There was never any agreement or arrangements to pay these directors for their service, hence they claim that they are not liable because they were not paid nor offered any pay for their services. What is the law in this State, also other States, as to liability of directors when they are not paid for their services as above indicated?

The general rule is that the vice-president and directors of a bank are entitled to no compensation in the absence of a statute, by-law or contract to which his vote is not essential, and unless an agree-ment to pay them a salary exist before their election directors cannot authorize payment to themselves. Mobile Branch Bank v. Scott, 7 Ala. 107; Blue v. Cap-ital Nat. Bank, 145 Ind. 518. The Mississippi statutes make no provision for the compensation of bank directors.

Assuming that the failure of the directors to com-ply with their duty under the Mississippi statute re-sulted in loss to the institution which would have been prevented had such duty been performed and that they thereby incurred a personal liability for such loss, I am of opinion that the fact that they

received no compensation would not relieve them from such liability. The proposition is stated in Bolles on Banks (p. 281) as follows: "That directors do not personally gain anything when thus trans-gressing the law is no reason for releasing them from liability." Citing Charitable Corporation v. Sutton, 2 Atkyns (Eng.) 405; Trustees of Mutual Bldg. Fund v. Bosseux, 3 Fed. 817, 838.

PROTEST OF DRAFT WHERE DRAWEE NOT LOCATED AT CITY ADDRESSED.

Where a draft is erroneously addressed to the drawee at a city where he is not located, opin-ion that protest of draft at place addressed is proper to preserve liability of drawer and indorser.

From Texas.—A customer of Bank A deposited as cash demand draft with bill of lading attached on John Smith, of Galveston. Bank A sent the draft as cash, with instructions to protest in case of non-payment, to its correspondent at Galves-ton. The Galveston correspondent handed the draft to its notary and same was protested and returned, and at the same time the Galveston correspondent advised that they had searched the directory and made other inquiries, but were un-able to locate any such party in Galveston as John Smith. We claim that the Galveston cor-respondent had no right to have the draft pro-tested inasmuch as the draft was drawn on party at Galveston in error, and that no such person as John Smith was located there and the notary was not justified in protesting the draft.

Where a draft is drawn on John Smith, Galves-ton, Texas, it is by its terms presentable and payable in Galveston, and although the party is absent from the city or is not located there it seems to me the proper course for the collecting agent is to have the draft protested in order to preserve the liability of drawer and indorser, which is conditional upon due presentment and notice of dishonor. There is a sur-prising absence of authority upon the precise prop-osition, but there is one decision by the Supreme Court of the United States which will support the above conclusion.

In Cox v. National Bank, 100 U. S. 704, a bill of exchange drawn by A to the order of B on Messrs. C & D, New York, N. Y., was accepted by them with-out qualification or condition. All the parties then and at its maturity resided in Kentucky. The notary public, after making on the day it matured diligent but unsuccessful inquiry in New York City for C & D, and for their place of residence or business, pre-sented it and demanded payment, during business hours, at the places frequented by them when in that city. Payment not having been made, he protested the bill, and on the next day, learning from those whom he believed to be informed on the subject the residence of A and B, transmitted to them there by mail, post paid, notices of such protest. It was held, first, that the bill was in law payable at that city. Second, that the presentment and demand were suff-icient. Third, that the requisite steps to bind A and B were taken.

The above case, it is seen, is one where the payor was not located at the place of payment, but else-where. Nevertheless, after inquiry the draft was protested. The contested point in the case was whether notice of protest had been given in due form, and the decision was in the affirmative. This decision recognizes that protest in such a case is proper. I think, therefore, in the case presented by you, the Galveston correspondent was right in having the draft protested.

NATIONAL BANK AS SURETY.

National bank has no power to become surety on bond of county official.

From Tennessee.—We will thank you to kind-ly furnish us with an opinion as to whether or not it is within the rights or power of a national bank to bind itself as surety on a bond of any official.

We wish to have this opinion on the general proposition, and if it is that a bank has such right, we wish to know whether liability would obtain where members of its board of directors unofficially sign the bond of a county official, with the understanding that the bank will indemnify them in case of liability.

It has been repeatedly held that a national bank has no power to become guarantor of the obligation of another person in which it has no interest. For example:

Accommodation indorsements or acceptances by a national bank are ultra vires and void in the hands of holders with notice. *Bowen v. Needles Nat. Bank*, 87 Fed. 430; 94 Fed. 925.

Guaranty of payment of the debt of a third person, solely for his benefit, is beyond the power of a national bank. *Commercial Nat. Bank v. Pirie*, 82 Fed. 799.

Letter by a national bank to A guaranteeing fulfillment of the obligations of B to A for a certain amount of goods at a certain time, B not having purchased or deposited security for the letter, whether considered either as a guaranty or letter of credit is void. *Thilmany v. Iowa Paper Bag Co.*, 103 Iowa 333.

A national bank has no power to bind itself that a draft by A on B will be paid. *First Nat. Bank v. Amer. Nat. Bank*, 173 Mo. 153; *Nat. Bank of Brunswick v. Sixth Nat. Bank*, 212 Pa. 238.

In the light of these cases it would appear that it is not within the power of a national bank to bind itself as surety on the bond of any official. Indeed, it has been expressly held that a national bank has no power to become surety on a replevin bond and the bond cannot be enforced against it; that the National Bank Act does not expressly or impliedly give the bank authority to execute such a bond, as it is not given to aid or assist it in any manner in carrying on the business of banking. *Bailey v. Farmers Nat. Bank*, 97 Ill. App. 66.

Of course, individual members of the Board of Directors of a national bank can become sureties upon the bond of a county official, but as the bank would have no power to become such surety I do not think a contract to indemnify such of its directors as executed the bond would be enforceable against it.

CHATTEL MORTGAGE GIVEN SUBSEQUENT TO NOTE.

A chattel mortgage given to secure payment of a note, by the maker thereof, executed and delivered subsequent to the date and delivery of the note is valid.

From Kansas.—Is a chattel mortgage given to secure the payment of a note, but given subsequent to the date and delivery of the note, good? For example: Note dated and delivered the first of January, chattel mortgage given in February to secure the payment and also mentioning the note for which it is given as security. Should the chattel mortgage bear date of the note or the date that it was actually given and then refer to the note given and dated prior to chattel mortgage?

Assuming the chattel mortgage, given subsequent to the date and delivery of the note, is executed by the maker of the note and not by some one for mere accommodation of the maker—and this, of course, is most likely the case—its execution and delivery subsequent to the date and delivery of the note and to secure its payment would be perfectly valid. It has been held in your State that a mortgage executed in pursuance of a previous agreement is not invalid for want of sufficient consideration because the debt it secures is owing at the time the mortgage is executed. *Heitman v. Griffith*, 43 Kan. 553, where at the time when the money was borrowed a promissory note for the amount loaned was given, and at the same time it was understood that if the money was not returned the lender should have a chattel mortgage on the property of the debtor to secure the debt, and in about twenty-two days thereafter the chattel mortgage was executed, and it was held that as against

the mortgagor such mortgage was valid. See also *Hees v. Carr*, 115 Mich. 654.

You ask whether the mortgage should bear the date of the note or the date it was actually given. I think the mortgage should bear the date of its actual execution, reference being made in the body thereof to the note or notes it is intended to secure. In fact, the omission of the date is not vital. The general rule is that the date of execution need not be stated in a chattel mortgage (*Burditt v. Hunt*, 25 Me. 419; *Jacobs v. Denison*, 141 Mass. 117, where the mortgage was dated 1874, and the mortgage notes dated 1873; *Partidge v. Swazey*, 46 Me. 414; *Johnson v. Stellwagon*, 67 Mich. 10), for at most it only raises a prima facie presumption as to the time when it was executed. *Stonebraker v. Kerr*, 40 Ind. 186; *Shaughnessey v. Lewis*, 130 Mass. 355; *Sheldon v. Brown*, 72 Minn. 496; *Merrill v. Dawson*, Hempst. (U. S.) 563. Where, through inadvertence, the date is omitted, such omission may be rectified by parol evidence. *Shaughnessey v. Lewis*, 130 Mass. 355.

NOTE PAYABLE IN ANOTHER STATE OR JURISDICTION

Is governed by the law of the place where payable.

From Illinois.—A number of times we have been asked as to the legal status of a note drawn in Saskatchewan Province in favor of a resident of Illinois and payable in Illinois. We would be very glad to have your opinion in this matter.

Where a note is made in one state or jurisdiction and payable in another, the law of the latter place governs as to the obligation and duties of the maker, interest, etc. *Brown v. Worthington*, 142 S. W. (Mo.) 1032.

The law of the place where a note is made payable governs the days of grace, the time and manner of making presentment, the demand and protest and the time and manner of giving notice of the dishonor. *Wooley v. Lyon*, 117 Ill. 248; *Guernsey v. Imperial Bank of Canada*, 188 Fed. 300.

It follows that a note made in Canada, the payee being a resident of Illinois and the note being made payable in Illinois, is governed by the law of Illinois and not by the Canadian law.

PLEDGE OF ARKANSAS BANK STOCK.

Notwithstanding provisions of Arkansas statutes that upon transfer of stock a certificate of transfer must be deposited with county clerk, it has been decided that a pledge of stock is valid without such deposit and the statute is only applicable to transfers by way of sale.

From Virginia.—Several years ago this bank accepted for collateral to a note, with proper assignment, ten shares of stock of an Arkansas bank, valued at \$1,000 par. The note was not paid and the stock was sold and purchased at private sale by the bank holding the note, and certificate of stock was forwarded to the Arkansas bank to be transferred. They declined to transfer the stock and have persistently refused to recognize our right to request to have the stock transferred to the bank, claiming that a law in Arkansas requires all stocks hypothecated to be registered with the clerk of the county, a law which this bank was not cognizant of and, of course, the requirement was overlooked. Will you please advise me if there is any remedy or any law by which we can compel the Arkansas bank to transfer the stock or enforce our rights.

I am of opinion that, notwithstanding the provisions of the Arkansas statute, given below, you have an enforceable right to the stock of the Arkansas bank and can compel transfer of the same to you. The Arkansas statute provides:

"Whenever any stockholder shall transfer his stock in any such corporation, a certificate of such transfer shall forthwith be deposited with the county clerk aforesaid, who shall note the

time of said deposit and record it at full length in a book to be by him kept for that purpose; and no transfer of stock shall be valid as against any creditor of such stockholder until such certificate shall have been so deposited." Kirby's Dig. Ark. Stat. (1904), Chap. 31, Sec. 849.

But it has been directly held by the United States Circuit Court of Appeals, 8th Circuit, in *Masury v. Arkansas National Bank*, 93 Fed. 603, followed by the Supreme Court of Arkansas in *Batesville Tel. Co. v. Meyer et. Co.*, 68 Ark. 115, that this statute does not apply to transfers of stock by way of pledge, as distinguished from absolute transfers by way of sale. These cases support your claim.

In the *Masury* case it was held that a provision in the charter or by-laws of a corporation or in a general incorporating act, that stock shall be transferable only on the books of the corporation, is intended to prescribe a mode of transfer as between the corporation and a stockholder in all matters relating to the internal government and management of the corporation rather than between the stockholder and third parties; and notwithstanding such provision, a stockholder may divest himself of all beneficial interest in his stock by an assignment and delivery of his certificate, although no transfer is made on the books of the corporation.

Further, that where a stockholder in a corporation has pledged his stock as collateral security, by the indorsement and delivery of his certificate, a creditor, by the levy of an attachment or execution, can only reach the interest of the pledgor therein, and is not aided, except in favor of purchasers at a sale under execution who purchase for value and without notice, by a statute providing that stock shall be transferred only on the books of the company.

Further held, that the provision of the Arkansas statute (*Sand. & H. Dig. §1338*) that, on the transfer of any stock in a corporation, a certificate of such transfer shall be deposited for record with the county clerk, and that "no transfer of stock shall be valid as against any creditor of such stockholder until such certificate shall have been so deposited," is not intended to comprehend cases where stock is pledged as security for a debt by a simple indorsement and delivery of the stock certificate, but applies only where the stockholder parts with his entire legal and equitable title by an absolute sale; the purpose of the statute being to afford a record for the benefit of the taxing authorities, or those interested in or dealing with the corporation, and who may be entitled to proceed against the stockholders in case of its insolvency, for which purposes a pledgee is not a stockholder. And further held, that in view of the large commercial use made of corporate stock certificates as collateral security, it is to the public interest that such use shall be simplified and facilitated by placing such certificates as nearly as possible on the plane of commercial paper.

In the *Batesville Tel. Co.* case it was held that the provisions of the statute above set forth do not apply to transfers by way of pledge, but only to absolute sales. Citing, with approval, *Masury v. Ark. Nat. Bank*, 93 Fed. 603, to the same effect. See also *Claflin Co. v. Bretzfelder*, 69 Ark. 271.

True, there is a contrary decision by the United States Circuit Court in a later case, *Fahrney v. Kelly*, 102 Fed. 403, where it was held that Act Ark. April 12, 1869 (*Sand. & H. Dig. §1338*), which requires a certificate of the transfer of stock by a stockholder in a corporation to be filed for record and provides that "no transfer of stock shall be valid as against any creditor of said stockholder until such certificate shall have been deposited," is plain and unambiguous, and a court has no authority to restrict its operation by construction. Under such provision the legal and equitable title to stock transferred remains in the transferor, as to his creditors, until the required certificate is filed.

In the course of the opinion the court said: "An effort was made in two cases (*Deutschman v. Byrne*, 64 Ark. 111, 40 S. W., 780, and *Batesville Tel. Co. v. Myer-Schmidt Grocer Co.* [Ark.] 56 S. W., 784) to secure an interpretation of this statute by the Supreme Court of Arkansas. The first case

passed off upon an irregularity in the levy of the attachment, and the second was disposed of, as was also the case of *Masury v. Bank*, 35 C. C. A. 476, 93 Fed. 603, decided in the United States Circuit Court of Appeals for the Eighth Circuit, in both of which cases it was held that the word 'transfer' found in the statute did not embrace stock assigned as collateral security; so that the precise question now presented in this case, of an absolute sale of stock (italics mine), has never been passed upon either by the Supreme Court of this State or by any other appellate tribunal. There is little in either of these decisions from which the court can obtain any light as to what construction this statute should have, except that in *Batesville Tel. Co. v. Myer-Schmidt Grocer Co.* there was a dissenting opinion by two of the judges who held that the word 'transfer' embraced not only stock absolutely sold but also that which had been transferred as collateral security. After the most careful consideration which I am capable of giving this case I have reached the conclusion that the language of this statute is so plain as to forbid the court to place any interpretation upon it which would have the effect of interpolating into it any change whatever."

But this last cited case, so far as it affects the case of *Masury v. Bank*, 93 Fed. 603, is nothing more than respectable dicta upon the point at issue (since it was not necessary to pass upon this point in reaching a decision, the point not being involved in the case), and, at best, an attempt by indirection by an inferior court (U. S. Cir. Ct. for West. Dist. Ark.) to overrule a higher court (U. S. Cir. Ct. of Appeals for 8th Cir.).

It would appear, therefore, that you would have a right to compel transfer of the stock in the Arkansas bank in a proper action, and as to choice of jurisdictions in which to pursue your remedy it would seem that the State court in Arkansas might be the better in view of the fact that the Federal Circuit judge there has expressed a different opinion in the *Fahrney* case and, if you sued in the Federal courts, it might be necessary to take the case up to the Circuit Court of Appeals before obtaining a favorable decision.

LIABILITY OF ATTORNEY FOR NEGLIGENCE.

Where attorney has specific instructions to proceed against bondsmen or, without specific instructions, is under duty to take necessary legal steps to enforce liability and negligently puts off bringing suit until claim against bondsmen becomes worthless, he becomes liable to client for damages suffered.

From Florida.—We would like your opinion on the following matter: About three years ago a Mr. A's note with us matured and we were unable to collect from him. A was preparing to move out of the State. We placed the matter in the hands of our attorney and he attached A's household furniture. A gave two bondsmen residing in this State, either of whom were worth the amount of the bond at the time. Our attorney brought suit against A and got judgment for amount of note, but as A in the meantime had moved out of the State we had to look to A's bondsmen for settlement of same, who were perfectly solvent and good for the amount of judgment at the time. Our attorney, however, through negligence, put off bringing suit against the bondsmen from time to time, and in the meantime one of the bondsmen died and his estate is settled and the other one is a bankrupt. Now, what we want to know is whether or not our attorney is liable to us for amount of judgment on account of his failure to bring suit against bondsmen at the proper time.

The general rule, of course, is that an attorney is liable to his client for a want of ordinary care and diligence in the management of an action. *Breedlove v. Turner*, 9 Mart. (La.) 353, (holding that fraud is not essential to render an attorney liable to his client for mismanagement of a suit); *Drais v. Hogan*, 50

Cal. 121; Gambert v. Hart, 44 Cal. 542; Skillen v. Wallace, 36 Ind. 319; Walpole v. Carlisle, 32 Ind. 415; Smallwood v. Norton, 20 Me. 83; McWilliams v. Hopkins, 4 Rawle (Pa.) 332; Coopwood v. Baldwin, 25 Miss. 129.

The degree of negligence necessary to fix the attorney's liability is, under a proper charge from the court a question of fact for the jury. Walker v. Goodman 21 Ala. 647; Rosebud Min. etc. Co. v. Hughes (Col., 1912), 121 Pac. 674. However, Gambert v. Hart, 44 Cal. 542, is authority for the statement (unsustained by other authority) that when the facts are ascertained the question of negligence or want of skill is a question of law for the court. See O'Halloran v. Marshall, 8 Ind. App. 394, where it was held that in an action for attorney's fees a counterclaim is sufficient, on demurrer, which alleged, in substance, that the plaintiff, as defendant's attorney in cases forming the basis of the fees, acted in disregard and contrary to defendant's instructions, in continuing the cases until the next term of court, thereby causing defendant, by such wrongful conduct, to pay — dollars additional costs, to his damage.

In Gilbert v. Williams, 8 Mass. 51, it was held that whenever an attorney disobeys the lawful instructions of his client, and a loss ensues, the attorney is responsible for such loss. In this case the attorney neglected to institute suit on a promissory note as he was instructed by his client to do as soon as possible, until the maker of the note became insolvent, and he was held liable for the ensuing loss of his client.

It was held in Rooker v. Bruse (Ind. 1909), 90 N. E. 86, that an attorney who undertakes to conduct litigation impliedly undertakes to exercise due care, skill and knowledge of the law in the conduct of his client's business, and his negligence in that regard is a breach of his contract.

It was held in French v. Armstrong (N. J. 1910) 76 Atl. 336, that a declaration which charges in effect that defendant was retained as attorney to protect and foreclose a mortgage and redeem from prior liens, and that by reason of his failure to foreclose the mortgage in a reasonable time or to advise the client of his liabilities arising under a tax sale of the mortgaged premises the property was sold, and the lien of the mortgage lost, or jeopardized, and trouble and expense in its enforcement caused, sets up a good cause of action.

From a résumé of the above digested decisions there seems to be no question about the fact that if the bank instructed its attorney to proceed without delay against A's bondsmen, and he delayed in bringing such action until judgment against them was worthless, it has a good cause of action against such attorney for such damages as it may be able to prove it has suffered.

Furthermore, even in the absence of proof of specific instructions to proceed without delay against the bondsmen, if the contract between attorney and client was that the former was to take all necessary legal steps, and use due diligence and care, to recover for his client the face value of the note, or any aliquot portion thereof which could be recovered, the bank would probably have a good cause of action against the attorney, if through his failure or neglect to institute suit against the bondsmen and reduce the bank's claim to judgment in due season, such claim was rendered worthless. This, particularly, on authority of French v. Armstrong, 76 Atl. 336, cited supra, where the attorney appears to have had no specific instructions as to when or just how he was to proceed, his contract simply being "to protect and foreclose a mortgage and redeem from prior liens."

SALE OF COLLATERAL ON OUTLAWED NOTE.

Where a note secured by collateral is outlawed and the collateral is sold and applied towards payment of the note such credit does not revive the statute of limitations.

From North Carolina.—We would thank you for your opinion on the following: We hold a note of an individual for \$300 secured by a certain

stock certificate properly assigned. The note is without seal and the statute of limitations has run against it. If we sell this stock and credit proceeds on the note would that credit revive the same? Would the statute begin to run from sale of stock or from maturity of note? Enclosed is copy of form of note (collateral form with power of sale).

It is the general rule that a creditor may hold and realize on collaterals pledged to secure a debt, although action on the principal obligation is barred by the statute of limitations. See, for example, Conway v. Caswell, 121 Ga. 254, where a policy of insurance was transferred as security for a debt, and it was held that the fact that the remedy on the latter was barred did not destroy the debt itself, nor did it prevent the holder of the collateral from enforcing his rights thereunder. Shaw v. Silloway, 145 Mass. 503; Drake v. Wetmore, 67 Hun (N. Y.) 77; Sproul v. Standard Plate Glass Co., 201 Pa. St. 103.

By the weight of authority the taking of a pledge or collateral security for the payment of a note or other indebtedness does not prevent the running of the statute of limitations against the right of action to recover the debt. Lyon v. State Bank, 12 Ala. 508; Hartranft's Estate, 153 Pa. St. 530.

It would seem to follow, where the statute of limitations has run against your note, that while you have the right thereunder to sell the stock and credit the proceeds on the note, this would not revive it, assuming such proceeds were not sufficient to satisfy the note.

JOINT AND JOINT AND SEVERAL NOTES.

At common law, a note drawn "We promise," etc., signed by two or more is joint only, but "I" promise, so signed, is joint and several—By statute in some states a note joint in form is made joint and several—In absence of statute, bank desiring joint and several note should have it read "We or either of us" or "We jointly and severally" promise.

From Pennsylvania.—Will you kindly advise me as to the correct form on which a joint note should be drawn. I was always under the impression that such a note should read "We or either of us promise to pay," etc. My understanding is that in case of default either party could be sued for the whole amount.

Notes are frequently presented for discount drawn simply "We promise to pay." Such a note being signed by two persons, not partners in business, some authorities claim that either party would be sued for the whole amount, and others claim that each party could be sued for only one-half, making the claim uncertain should one of the parties be of no responsibility.

The general rule is that where two or more persons sign a promissory note they are liable as joint makers in the absence of express words qualifying their liability. Such a note is generally in the form "We promise." The obligation or debt is joint, Barnett v. Juday, 38 Ind. 86, holding that a promissory note written "we promise to pay," etc., and simply signed by two or more makers, is a joint note, and not several, or joint and several. Peaks v. Dexter, 82 Me. 85; Palmer v. Stevens, 1 Den. (N. Y.) 471.

In some jurisdictions, however, the rule is changed by statute making all obligations which are joint in form joint and several unless otherwise expressed. Farmers Exch. Bank v. Morse, 129 Cal. 239; Kaestner v. First Nat. Bank, 170 Ill. 322; Sully v. Campbell, 99 Tenn. 434, holding that, under the Tennessee statute, a note joint in its terms is a joint and several obligation upon which separate and several suits can be maintained against the makers.

The usual form of a joint and several note is a promise "jointly and severally" to pay. It is also often expressed "We or either of us" promise, etc. A promise in the singular number, "I promise," signed by several makers is generally held to be a joint and several note. Monson v. Drakeley, 40 Conn. 552; Ely

v. Clute, 19 Hun (N. Y.) 35; Warren 1st Nat. Bank v. Fowler, 36 Ohio St. 534; Higerty v. Higerty, 1 Phila. (Pa.) 232. See also Neg. Inst. L. §36, subs. 7.

It has been held in Pennsylvania that a note appearing on its face to be made by one person, but signed by two, may be treated as a joint and several obligation. Dodge v. Chessman, 10 Pa. Super. Ct. 604, citing, in support thereof Kinsley v. Shenberger, 7 Watts (Pa.) 193, and Leith v. Bush, 61 Pa. St. 395.

Pennsylvania has not statute covering the joint and several liability of parties to promissory notes.

Under the law merchant, in the absence of statute, as will be noted from decisions cited above, the form "we promise" in a note signed by two or more persons, has been held to create a joint liability and not joint and several; while the form "I promise,"

signed by two or more, has been held to create a joint and several rather than a joint liability.

Specifically replying to your inquiry, therefore, there being no statute in Pennsylvania changing the common law rule, the correct form of drawing a note to be signed by more than one maker so as to make it joint and several and enable the bank, upon default, to sue one, or all, would be "We or either of us" or "We jointly and severally." Or the form "I promise" signed by more than one has, as above shown, been held in Pennsylvania to be joint and several. If the note is simply drawn "we" promise it would probably be held joint only and separate suit could not be brought against a single maker in the absence of a statute making such obligation joint and several. Nor could each of two makers be sued for one-half.

A. B. A. MORTUARY RECORD REPORTED DURING AUGUST.

- Adair, W. R.—President City National Bank, Kearney, Neb.
- Akin, William M.—Director Old State National Bank, Evansville, Ind.
- Anderson, W. H.—Vice-President Grant Trust & Savings Bank, Marion, Ind.
- Brown, Vernon H.—Director Hanover National Bank, New York City.
- Burke, Charles E.—Director City Savings Bank, and Third National Bank, Pittsfield, Mass.
- Byler, Daniel Edwin—Director Oil City National Bank, Oil City, Pa.
- Carr, John—Director First National Bank, Boston, Mass.
- Crouch, Thomas W.—Vice-President Commonwealth Trust Company, St. Louis, Mo.
- Gardiner, Charles M.—Title Examiner, Real Estate Department of Trevett-Mattis Banking Company, Champaign, Ill.
- Green, William B.—Former Secretary American Bankers Association, Avon Lake Village, Ohio.
- High, W. R.—President Farmers & Merchants Bank, Modesto, Cal.
- Holland, T. B.—President Holland Banking Company, Springfield, Mo.
- Johnson, J. Randall—Assistant Cashier Fourth & First National Bank, Nashville, Tenn.
- Jopling, James R.—President First National Bank, Danville, Va.
- Kasten, Frederick—Vice-President Wisconsin National Bank, Milwaukee, Wis.
- Keach, James F.—President Brownstown State Bank, Brownstown, Ind.
- Lamkin, J. C.—Vice-President Wood & Huston Bank, Marshall, Mo.
- McBride, J. H.—Vice-President Superior Savings & Trust Company, Cleveland, Ohio.
- Morris, James E.—President Union County National Bank, Liberty, Ind.
- Overstreet, Joseph—President Oldham Bank & Trust Company, LaGrange, Ky.
- Paslay, E. C.—President Bank of Williston, Williston, Fla.
- Rice, Joseph—Vice-President Mechanics National Bank, Trenton, N. J.
- Scheld, Philip—President Sacramento Bank, Sacramento, Cal.
- Smith, Abram P.—President Warren County National Bank, Belvidere, N. J.
- Spencer, James P.—Director First National Bank, Suffield, Conn.
- Stansfield, Joseph Gibson—Vice-President The First National Bank, Mt. Carmel, Ill.
- Thatcher, John A.—Vice-President First National Bank, Pueblo, Colo.



PROTECTIVE DEPARTMENT



L.W. GAMMON

MANAGER

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

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

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

FOREIGN OFFICE OF THE WILLIAM J. BURNS INTERNATIONAL DETECTIVE AGENCY, INC.

ENGLAND, LONDON, W.—Crown Chambers, 5 Regent St.

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

IOWA, DES MOINES.—The Gus. J. Patek Detective Agency, 515 Mulberry Street.
 FRANCE, PARIS.—Calchas & Debisschop, 15-17 Rue Auber.

FOREIGN OFFICE OPENED.

OUR detective agents, The William J. Burns International Detective Agency, Inc., announce the opening of a branch office at London, England. The address of the office is Crown Chambers, 5 Regent Street, London, W., England. Mr. Norman T. Bailey, former assistant manager of the New York office, has been appointed manager of the London office.

The establishing of the London office has resulted in changing the name of our detective agents to The William J. Burns International Detective Agency, Inc.

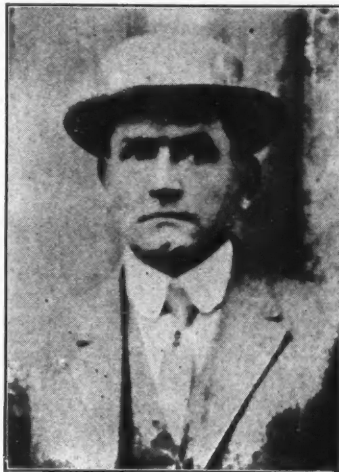
THE following is a report for the month of August, 1913, pertaining to the work of the Protective Department:

WARNING.

A. H. CRAWFORD, alias Arthur Crawford, is wanted for passing forged checks on a bank member and firms of Los Angeles, California. His description is as follows: Age, 26 years; height, 5 feet, 6 or 7 inches; weight, 135 pounds, eyes, greyish blue; hair, light; complexion, rather reddish face; smooth shaven; sharp chin; large nose; prominent ears. On both arms above elbow, figures of girls are tattooed. Incessant cigarette smoker and a strong drinker. Ordinary dresser. The California Bankers Association is co-operating with this Association in this matter. A specimen of his handwriting is reproduced below.

GEORGE S. LEWIS, whose photograph follows, on June 2, 1913, raised a check and cashed same at a bank member of San Diego, California, where he had an account, and is now wanted by our detective agents.

His description is as follows:—Age, 40 to 45 years; height, 5 feet 4 or 5 inches; weight, 150 to 155 pounds; complexion, medium; eyes, grayish blue; hair, iron grey; mustache, grey. When last



GEORGE S. LEWIS.

seen wore dark suit; small soft white hat; has right leg amputated above knee, wears an artificial limb which is very noticeable when walking. He is a cook, harness-maker and shoe-maker by trade.

A warrant for this man's arrest is now in the hands of the Chief of Police, J. K. Wilson, of San Diego, Cal. The California Bankers Association is co-operating with this Association in this matter.

M. V. BLAU, who has used the aliases, J. M. Fogel, M. Vogel, L. Plant, A. L. Schiller, Klaus and Lazarus, a forger and bogus check operator, is wanted at Winnipeg, Canada, for defrauding several individuals of that place to the extent of about \$1,000.00, by means of bogus checks. Blau was released from the Huntsville Penitentiary, Huntsville, Texas, on February 10, 1913, having been pardoned by the Governor of Texas.

Blau is described as follows: Age, 31 years; height, 4 feet 11 inches; weight, 104 pounds; build, medium; hair, medium chestnut; eyes, azure blue; complexion, fair; born, Austria; occupation, mer-



M. V. BLAU.

chant. Bertillon: Hgt., 49.9; O.A., 49.0; Tr., 81.9; H.L., 18.0; H.W., 14.9; C.W., 12.9; R.E., 5.5; L.F., 22.4; M.F., 10.0; L.L.F., 7.8; F.A., 36.0. Has a curved scar of 1/2 inch corner outer at first joint thumb, front, on left hand. See JOURNALS: November, 1912, page 319, and January, 1913, page 459.

Charged with obtaining money from a bank member in Orlando, Florida, and giving a mortgage on mules as security and afterwards selling the animals, W. M. LAND is being sought by our detective agents. He is described as follows: Age, 40 years; height, 5 feet 8 inches; weight, 145 pounds; medium build; fair complexion; brown hair; blue eyes; smooth shaven; mouth twitches when talking; and has dark mole on cheek.

Recently a man registered at the Sherman House hotel, in Chicago, and presented a check for \$50 drawn on a membership bank at Lawrence, Kansas. This check was payable to S. A. WOOD, and signed S. A. Wood. The hotel immediately wired the bank at Lawrence, and received a reply that the check was a forgery. Our Chicago detective agents took up the matter upon being notified of this reply from the bank, but Wood had become suspicious, and did not return to the hotel.

Wood is described as follows: Age, 50 years; Height, 5 feet 6 inches; weight, 143 pounds; hair, mixed with grey; had the appearance of a country merchant. Sample of this man's handwriting is reproduced below.

A bank member at Mascoutah, Illinois, reports that a party using the name of S. A. LITCHFIELD succeeded in defrauding them by means of a bogus check drawn on a bank, non-member, of Bismarck, Missouri. He is a paper-hanger and plasterer and before appearing in Mascoutah, he had worked at Bismarck. Litchfield is described as being 30 years of age; 6 feet tall; 150 pounds in weight; slender build; smooth shaven. Has fair complexion, large nose and a red spot on each cheek. Below we reproduce signature of S. A. Litchfield.

A young man giving his name as PAUL H. CADLE, on May 23, 1913, attempted to pass a check

at a membership bank in Indianapolis, Indiana. Cadle secured a small advance on the check, which was drawn on a non-member bank in Williamsburg, Pa. It later developed that the check was no good and that Paul H. Cadle bears an exceedingly bad reputation, he having served a term in the State Reformatory in Pennsylvania.

HARRY QUICK is wanted for having passed forged checks on membership banks in Marion and Elwood, Indiana. It is evident that Quick has an accomplice who has used the names of HARRY A. CAMPBELL, Harry A. Mason and Harry W. Stevens and who has passed a number of bogus checks on business men in Racine, Wis., through Central Indiana and in Troy, Ohio. All of the checks, with the exception of one or two, used by Quick and Campbell, are drawn on a membership bank in Marion Indiana, and have been stamped with a protectograph. These checks are signed with a rubber stamp, "THE ACME PERFUME CO." "MARION SHOVEL CO.," or the "MARION HARDWARE CO.," and under this is written J. W. Ellicht or some other fictitious name.

Quick is described as follows: Age about 24 years; height, 5 feet 5 to 6 inches; weight, about 160 pounds; build, medium stout; complexion, dark; hair, black; eyes, black and piercing; smooth shaven; gold tooth on right side of jaw.

Quick's accomplice, Campbell, is described as follows: Age, 28 to 30 years; height, 5 feet 9 or 10 inches; weight, 160 to 170 pounds; build, medium; complexion, medium; hair, dark brown; eyes, dark.

Campbell on a number of occasions is known to have been accompanied by a woman aged 23 to 24 years and a very bright and pretty child from 3 to 4 years of age. Campbell is known to have been near Troy, Ohio, August 5, 1913. Membership banks should be on the lookout for this party.

Claiming that he intended to open an office for the New Jersey Accident and Liability Insurance Company, a party using the name of F. SCOFIELD, succeeded in swindling a bank member at Des Moines, Iowa, during the fore part of August, 1913.

Scofield when he called at the bank said that he wished to deposit \$400 in cash. The cashier of the bank handed him a signature card and Scofield signed it. The cashier then O.K.'d the signature card and Scofield took the card to the receiving teller and deposited a check drawn on a Trenton, N. J., bank and a small amount of money. The following day Scofield appeared at the bank and withdrew his account. Later the check that he had deposited was returned by the New Jersey bank, marked "no account."

He is described as follows: About 35 years of age; 5 feet 7 1/2 inches tall; has dark complexion and eyes and dark chestnut hair. Has the appearance of being a Hebrew. The Iowa Bankers' Association is co-operating with this Association in this case.

A man using the names of CLARENCE WILLIAMS and Thomas Miller is wanted for having passed a forged check on a membership bank in Des Moines, Iowa. This party represents himself to be the business agent of a carpenters' union and is using check blanks of a membership bank in Raleigh, N. C. When last heard of he was in Saginaw, Mich., and is no doubt working his way eastward.

His description is as follows: Age, about 32 years; height, about 6 feet; weight, 160 pounds; build, very slender; complexion, very dark; hair, black; eyes, black with drooping eyelids. When last seen wore a dark brown suit and straw sailor hat.

Bank members should immediately notify the nearest office of our detective agents if this party

calls at their bank. The Iowa Bankers Association is also co-operating with this Association in the search for this man. A warrant for his arrest is in the hands of the authorities in Des Moines.

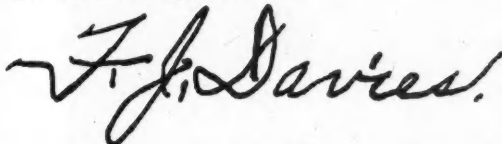
Our detective agents have received information from Captain O. J. Bridwell, Acting Chief of Police, Sioux City, Ia., that eight of the leading business houses of that city were the victims of a female check forger, who operated in that city on Saturday evening, August 16, 1913, after banking hours and by representing herself to be a well-known trained nurse of Sioux City, Ia., she succeeded in passing eight checks each for the amount of \$36.50. These checks were drawn on a bank member of Sioux City, Ia.

This woman is described as follows: Age, 27 years; height, 5 feet 5 inches; weight, 135 to 140 pounds; dark hair; fair complexion; good looking; neat appearance; a fine talker and pleasing address. She wore a light colored skirt, white shirt waist, and a band ring with a good sized diamond in it.

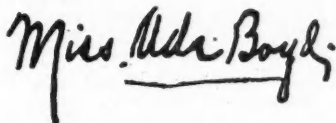
She left Sioux City on Sunday, August 17, 1913, in company with a man whose description is as follows: Age, 27 years; height, 5 feet 7 inches; weight, 140 pounds; smooth shaven; medium complexion; wore tan colored suit, sailor straw hat, was carrying three suit cases, one of which was straw, and also a handbag.

It is the belief of the Sioux City police that the checks were drawn by the man and given to the woman to pass.

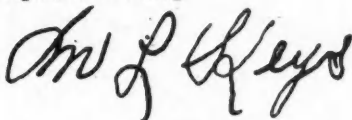
A specimen of the handwriting of the person who drew the checks appears below.



We reproduce below a specimen of the handwriting of the woman.



A check payable to M. L. Keys, and endorsed M. L. Keys, was mailed to a membership bank recently at Powhattan, Kansas, together with a request that they credit a customer of theirs with \$200 and send a draft for the balance to M. L. Keys, Powhattan, Kansas. This was done, and the check which was signed by a depositor of the bank, proved to be a forgery. Our detective agents are investigating this matter. Below is reproduced a sample of the forger's handwriting.



Representing himself as J. A. ANDERSON, a party entered a bank member at Wichita, Kansas, on August 4, 1913, and drew a sight draft on a bank member of Pueblo, Col.

He informed the Wichita member that he was employed by the Missouri Pacific Railroad and had been transferred from Pueblo. He said he needed some money to pay freight on his furniture. The bank refused to honor the draft without the endorsement of someone known to the bank. Anderson offered to have the local superintendent of the rail-

road endorse the draft. He left the bank and shortly afterwards the member received a telephone call from a party representing himself as the local superintendent of the Missouri Pacific Railroad. The party said he was too busy to go to the bank but would endorse the draft.

Anderson returned to the bank with the draft. It had been endorsed and it was cashed. Later the Pueblo bank returned the draft marked "No account." The superintendent of the railroad was interviewed and disclosed that his signature had been forged on the back of the draft.

Our detective agents are searching for Anderson who is described as being 35 years of age; 5 feet 10 inches tall and weighing about 155 pounds, having rather florid complexion and a little stooped.

Members are warned against cashing checks for a party using the names of C. H. LONG and EDWARD WRIGHT. This man represents himself as a traveling salesman of the Peerless Distilling Company, Corydon, Kentucky. So far he has confined his operations against saloonkeepers and hotels. The checks that he is passing are drawn on the Henderson National Bank, Henderson, Kentucky, and are signed Peerless Distilling Company, per W. W. Taylor or C. H. Long. The check is purported to be given for expenses. This operator is described as being about 45 years of age; 6 feet tall and weighing 215 pounds. Is a good dresser, very talkative and jolly, and has grey eyes.

CHARLES SULLIVAN, who is said to reside at Cub-Run, Hart County, Kentucky, is wanted by a bank member of Munfordville, Kentucky, on a charge of obtaining money by false representation. He is described as being 50 years of age; 5 feet 8 inches tall; 180 pounds in weight. Is of stout build; medium fair complexion; grey eyes; dark hair; smooth shaven; rather large mouth and broad face.

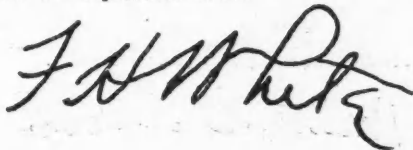
A member bank of Monroe, Louisiana, recently reported a forgery by one J. A. AINSWORTH, alias J. F. Watson, alias L. S. WILLIAMS, a lumber checker by occupation. This party is passing checks throughout Louisiana, Mississippi and Texas, and members in the above States are especially warned against his operations, which usually consist of presenting a check made payable to himself, and presumably from the List & Gifford Construction Co., of Kansas City, Mo., drawn on a member bank of Houston, Texas.

Our detective agents, who are now endeavoring to apprehend Ainsworth, described him as follows: 33 or 35 years of age; 5 feet 10 inches in height, weighing 145 pounds; slender build; medium light complexion; light brown hair; hazel eyes; smooth shaven with regular features, and wearing black derby hat, light check suit and tan shoes.

An article relative to this criminal and a specimen of his signature appear in the JOURNAL of April, 1913, page 834.

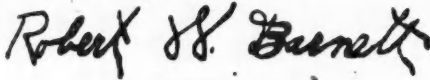
Member banks, especially in the South, should be on the lookout for one F. H. WHITE, who is described as being about 35 years of age; 5 feet 9 inches in height; weighing about 215 pounds; full smooth shaven face; black hair slightly tinged with grey; corpulent and has rather a sallow complexion.

This man, in company with a party named J. Kaufman, registered from St. Louis, Mo., and passed a forged check on a New Orleans hotel, the same being drawn on a prominent lumber company of the same city. The check in question was a voucher and purported to be in payment for advertising. His signature is reproduced below.



A membership concern of bankers and brokers at Boston, Massachusetts, have been defrauded out of negotiable securities through the passing of a bogus check. A man claiming to be ROBERT W. BARNETT, after some correspondence with the firm in question, succeeded in getting possession of several American Telephone & Telegraph and Illinois Steel bonds, for which he tendered a certified check. This check afterwards proved to be bogus. Our detective agents were immediately called into the case and are now working on same.

Barnett's description is as follows: Age, 40 years; height, 5 feet 5 inches; weight, 145 pounds; complexion, dark; hair, dark brown; mustache, dark brown, mixed with grey and closely cropped; wears gold-rimmed eye-glasses. A reproduction of Barnett's signature appears below.



ABRAHAM COHEN, it is alleged, succeeded in getting possession of his father's returned checks, forged his father's name, presented checks to a Boston, Massachusetts, bank member and received cash. A warrant has been issued for Cohen and our detective agents are searching for him.

His description is as follows: Age, 17 years; height, 5 feet 5 inches; weight, 135 pounds; complexion, dark; build, slender; hair black and curly; smooth shaven. Is a Hebrew and dresses very neatly, when last seen was dressed in a dark blue English suit, straw hat, tan shoes, rubber soles, long pointed low collar.

A bank member at Springfield, Massachusetts, reports having been defrauded by means of bogus check by one L. W. GILES. Giles' method is to hire a small office in a city or town representing himself to be an agent for a loan company and also a coal concern and after making the acquaintance of different people has these bogus checks cashed. Giles is wanted by the police of Baltimore, Md., Springfield and Boston, Mass., for his operations.

His description is as follows: Age, 40 years; height, 5 feet, 7 1/2 inches; weight, 140 pounds; complexion, medium; hair, greyish light brown; smooth shaven; dress, grey or blue suit, ordinary straw hat. Has noticeably thin lips, walks short and quickly. We reproduce below signature of Giles.



A bank member at Detroit, Michigan, reported on July 10, 1913, that a party entered their branch bank and represented himself to be the Rev. P. M. Donohoe, a priest from Dallas, Texas, and cashed a check. The check was returned to the bank marked "No Account." The bank communicated with Rev. Donohoe at Dallas who replied that he was not in Detroit at the time mentioned, nor at any other time.

This imposter is described as being about forty years of age, 5 feet 9 inches in height, 200 pounds in weight, smooth face, fair complexion, dark hair and wore the garb of a Catholic priest.

ALLEN C. WOOD, alias Hamilton, alias E. C. Campbell, alias Carroll, described as being 27 years of age, 5 feet 8 inches tall, 155 pounds in weight, having light complexion, left eye has the appearance of being glass, "E. G. C." tattooed on left forearm, recently succeeded in defrauding membership banks at Odessa, Minnesota, by means of worthless checks drawn on a bank member at Ortonville, Minnesota. A warrant has been issued for his arrest. A specimen of Wood's handwriting is reproduced below.



The identity of the man who impersonated P. D. Bishop has been established by our detective agents as JAMES B. HUNT. Hunt is wanted on a charge of defrauding a bank member at Cape Girardeau, Missouri, as reported on page 103 of the August, 1913, JOURNAL. While this man represents himself as a veterinarian we are informed that he is not licensed, but is well versed in that line. He is described as follows: 39 years of age, 5 feet 10 1/2 inches tall, and weighing 190 to 200 pounds, heavy build, red complexion, sandy hair and red chin whiskers.

Accused of passing two forged checks at a saloon in Kansas City Missouri, which were paid by a bank member of that city, WILLIAM DECKMAN is being sought by our detective agents.

A bogus check operator whose scheme is to appear at one of the railroad stations of the Central Railroad of New Jersey, purchase a mileage book, and tender in payment therefor a check drawn on a bank member of Jersey City, N. J., has been reported to this Association. Several of these checks have been cashed by ticket agents of that railroad. In one instance he used the name of H. A. MATHEWS, and is described as being 28 or 30 years of age, 5 feet 11 inches tall, and weighing 150 to 160 pounds; has a black mustache, and wore a brown suit and straw hat.

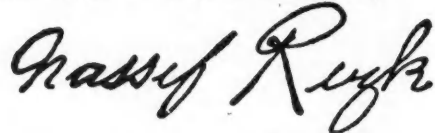
An apparently respectable business man opened an account with a Greenville, N. J., bank member on June 11, 1913, depositing four checks and an amount in cash, using the name David Frank and a fictitious address. On the same day he drew a check for the full amount of the cash deposited, made the check payable to Sam Abraham and it was deposited by an accomplice with another bank member in Bayonne, N. J., under the name G. M. Bechard.

He drew another check to the order of Nasiff Rizk and deposited this check himself under the name of Rizk, which is one of his aliases, with a bank member in Newark, N. J.

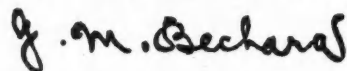
The four checks deposited in the Greenville bank were paid by the banks upon which they were drawn, and likewise the checks deposited in Newark were paid by the Greenville bank.

Eventually at each bank where they opened accounts, they were able to draw against uncollected funds. When the checks were returned they were marked "No funds."

Following are the descriptions of the two men: DAVID FRANK, alias Nasiff Rizak, alias H. Zarden, 40 years of age, 5 feet 6 inches tall, 155 pounds in weight, reddish full face, dark eyes, dark hair, dark brown mustache; fairly well dressed. We reproduce below a specimen of Frank's handwriting.

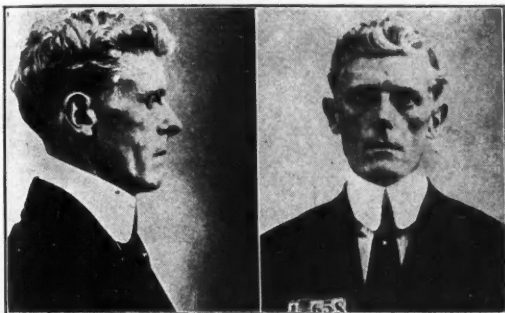


G. M. BECHARD, alias Nagile Fadwal, alias Sam Abraham, 33 years of age, 5 feet 8 inches tall, 160 pounds in weight, dark complexion, hair and eyes, clean shaven, good appearance. Below is reproduced specimen of the handwriting of Bechard.



Members are warned to be on the lookout for a party named C. LEEDS, who has been operating in the vicinity of Ridgefield Park, N. J., forging the name of E. S. Carr to checks drawn on a Hackensack, N. J., bank. He is described as follows: about 24 years of age; 5 feet tall; has dark hair; blue eyes, and wore a blue serge suit, straw hat, and black shoes when last seen.

Forged and raised checks that were passed at Magdalena, New Mexico, were paid by a bank member at Albuquerque, New Mexico. The name of the depositor was forged. A party named STEVE BARRITT, alias Ed. T. Brown, is accused of the forgery and our detective agents are endeavoring to cause his apprehension.



CHARLES O'CONNELL.

Above we reproduce photograph of Charles O'Connell, alias H. F. Hardy, alias Henry F. Hardy, alias Hastings, alias Seymour, alias "Soap Box" Hardy, a well-known bank sneak. This photograph has been identified as that of a man who entered a bank member at Albany, New York, shortly after noon on August 15, 1913, and stole a sum of money from the paying teller's window.

O'Connell is described as follows: Age, 46 years; height, 5 feet 10 1/2 inches; weight, 144 pounds; complexion, florid; eyes, light blue; hair, grey; nose, regular; teeth, 3 right and 3 left under absent; born, Columbus, Ohio; occupation, clerk. Bertillon: Hgt., 78.5; O.A., 81.0; Tr., 92.9; H.L., 19.3; H.W., 15.6; C.W., 13.8; R.E., 6.4; L.F., 25.9; M.F., 11.8; L.L.F., 9.3; F. A., 47.1.

A membership bank of Buffalo, New York, reported to our detective agents that a swindler using the names of George Hale, John Martin, Robert Ellis and William Smith has defrauded merchants and others in Manchester, N. Y., Camden, N. Y., and New York City by means of bogus checks drawn on that bank. The checks are signed Chas. R. Henry, Treasurer.

This swindler claims to represent the Brotherhood of Railroad Engineers. All his checks are typewritten. He is described as follows: Age, 60 years; height, 5 feet 7 inches; weight, 170 to 175 pounds; build, heavy; complexion, very red, weathered. Wears a brownish grey suit of good material, soft hat of same color. Below we reproduce a specimen of the handwriting that appears on the checks.

Chas. R. Henry

Geo. Hale

A negro, THOMAS WELLS, is wanted on complaint of a New York City bank member on a charge of forgery. He is accused of forging the name of his former employer to three checks. These checks he

cashed and they were paid by the member. Later the customer denied having signed the checks.

Wells is described as follows: Age, 25 years; height, 5 feet 7 inches; weight, 140 pounds; build, medium; complexion, light brown; copper color; eyes, sneaky; hair, black, curly; smooth shaven; usually works as hall or elevator boy in apartment houses. A specimen of his handwriting is reproduced below.

Thomas Wells

Captain of Detectives William H. Whaley, of the Rochester, N. Y., Police Department, advises that a man using the name of C. A. ARNOLD, recently called at a printing office in that city and asked to be shown copies of voucher checks. The printer complied with his request.

Later Arnold passed a forged voucher check in that city. The Rochester police, upon making an investigation, found that Arnold had stolen three blank voucher checks from the printing office.

Members should be on the lookout for similar checks. The Rochester police hold a warrant for Arnold, charging him with forgery, second degree. He is described as being 28 to 30 years of age; 6 feet tall; weighing 190 pounds; well built; has light-brown hair; light complexion; smooth face; wore blue serge suit and sailor straw hat. Is well dressed and makes a good appearance. We reproduce below a specimen of Arnold's handwriting.

C. A. Arnold

A bank member at Silver Creek, New York, reports an attempt which was made to defraud them by means of a forged endorsement to a draft drawn upon their bank. The draft in question is made payable to Gust Zims, one of the depositors who notified the bank on July 23, 1913, that he had lost it. On July 24, 1913, the draft came to the Silver Creek member through a bank member at Dunkirk for collection. The Dunkirk bank advises that the draft was presented to them by an Italian for collection.

A customer of a Minot, North Dakota, member bank, was recently defrauded by a party using the name of E. BERNSTEIN, who signed drafts drawn on the Saxon China Company of Sebring, Ohio. Bernstein is described as being 28 years of age; 5 feet 6 inches tall; light complexion; smooth shaven; neat dresser; and quite talkative.

ALBERT HARTLEY, alias Harris, alias Perry Muensing, is wanted for defrauding a Minot, North Dakota, member bank, by means of forgery. Description: 24 years of age; 5 feet 10 inches tall; 145 pounds in weight; light hair and complexion; blue eyes. He is an advertising solicitor and printer. Upon leaving Minot he was accompanied by one Ina Thornton, who is about 17 years of age; five feet three inches in height; heavy build; brown hair; blue eyes.

A Minot, North Dakota, bank member has taken out a warrant for the arrest of FRANK WEST, who defrauded them by means of a forged check. West, who is a shoe cobbler by trade, is 24 years of age; 5 feet 8 inches in height, and weighs 150 pounds. Has black hair and eyes; left leg off at hip; walks with decided limp with artificial limb; has a good voice and has often secured employment singing in motion picture houses. Handwriting of West is reproduced below.

Frank West



GEORGE HOLLINGSWORTH.

GEORGE HOLLINGSWORTH, whose photograph is reproduced above, is wanted on a warrant charging him with murder and robbery. Sheriff Hiram Stephens of Claremore, Okla., holds the warrant and he offers \$100 reward for the arrest of Hollingsworth.

Hollingsworth is accused of being implicated in the burglary of a Vera, Oklahoma, bank member. He is described as follows: Age, 28 years; 5 feet 9 inches tall, 150 pounds in weight; medium build; fair complexion; blue eyes; light brown hair; slender face; small scar over left eye; large bullet scar left shoulder, causing same to droop; cannot use left arm as well as right. May dye hair red or black. JOURNALS November, 1912, page 318; June, 1913, page 842; and July, 1913, page 42.

Charged with forging the name of his father, B. H. MOTE is wanted by our detective agents on complaint of a bank member at Condon, Oregon. He is described as being 25 years of age; 5 feet 9 inches in height and weighs about 150 pounds. Has fair complexion. For the last two or three years he has worked in sheep camps or cattle ranches in Idaho, near Indian Valley. His father, T. J. Mote, alleges that his son has forged his name to checks on previous occasions.

We have received a report from a membership bank of La Grande, Oregon, advising that they sustained a loss through means of forged endorsements, by Andrew Park, on stolen Adams Express Company money orders, stolen check and stolen draft. These were deposited in their bank by the above named party, who drew out his entire account and left the city for parts unknown.

Park is described as follows: Age, 26 to 28 years; weight, 140 pounds; height, 5 feet 11 inches; build, slender; hair black; eyes, grey blue; nationality, Scotch; occupation, soda clerk. Has narrow round shoulders and thin face. Is a cocaine fiend (uses the needle), an habitual cigarette smoker and a neat dresser. The Oregon Bankers Association is co-operating with this Association in the prosecution of this case. A specimen of Park's handwriting is shown below.

Charged with attempting to pass a forged check at a bank member at Portland, Oregon, C. A. STUEWE, was arrested by the Portland police on August 19, 1912. His arrest was brought about by a teller of the bank who became suspicious when Stuewe presented the check for payment. He had

the endorsement of a depositor of the member. It is believed that Stuewe is wanted at St. Louis, Missouri, for a similar offence.

Two checks made payable to S. D. CREEL, to which was forged the name of J. F. Walker, a depositor of a bank member at Twin Brooks, South Dakota, were passed in that city on August 5, 1913. The checks were taken by merchants and a cash balance given to Creel. Creel is described as being 25 or 28 years of age; 5 feet 11 inches or 6 feet tall and weighing about 180 pounds. Has dark hair and is smoothly shaven.

P. S. REUTSCHLER, or Rantschler, evidently one of a gang of professional forgers and bogus check operators, has been recently operating through the State of Texas, defrauding hotelkeepers. Members, however, should be on the lookout for these checks.

Rentschler has in his possession printed forms of checks of the STANDARD SCALE & SUPPLY CO., 243-246 Water St., Pittsburgh, Pennsylvania, drawn on THE SECOND NATIONAL BANK OF PITTSBURGH; also printed check forms of THE STARK ROLLING MILL CO., of Canton, Ohio, drawn on THE FIRST NATIONAL BANK of Canton, Ohio, which are invariably drawn to the order of P. S. Reutschler or Rentschler and bear protectograph perforation across the face of the check.

This individual, in the latter part of July, swindled the Galvez Hotel, Galveston, Texas, out of the sum of \$87.30 while a guest at this hostelry and a few days thereafter swindled the Rice Hotel of Houston, Texas, out of the sum of \$75 by the same means.

Our detective agents have also learned that Rentschler practiced the same game on a hotel at Fort Worth, Texas. Rentschler in this latter instance is said to have used the name of O. M. Healey. He is described as follows: Age, about 30 to 32; height, 5 feet 8 or 9 inches; weight, 180 pounds; build, stocky; complexion, fair; eyes, brown; hair, chestnut; wears eyeglasses. When last seen was wearing blue serge suit. A specimen of Rentschler's handwriting is given below.

A bank member of Logan, Utah, reported that a letter of credit issued to Carl L. Smart and dated August 16, 1913, for \$4,000, was lost by the owner in a diner on a train at Omaha, Neb., on August 18, 1913. Members should be on the lookout for this letter of credit and refuse payment.

We are advised by our detective agents at Baltimore, Md., that one C. WESTON, alias C. Woods, etc., whose operations have been severally reported in the columns of the JOURNAL, lastly on page 678 of April, 1913, issue, recently presented a worthless check on the bank of a member at Richmond, Virginia. His method is to learn the name of the paying teller of the bank upon which he proposes to operate, and when the teller is unusually busy with customers, gets in line, calls the teller by name and seeks to be familiar with him. Also see JOURNALS, July, 1910, page 161; November, 1910, page 308; February, 1911, page 47; July, 1911, page 38; April, 1913, page 678; and May, 1913, page 765.

Members in the West should be on their guard against the operations of a party using the name of F. J. SMITH, who is drawing worthless checks on a bank member at Sheridan, Wyoming. He passed

checks in Kellogg, Idaho, recently. In addition to being wanted at Sheridan, Wyoming, he is also wanted at Kellogg, Idaho. He is described as follows: 33 to 35 years of age; 5 feet 10 inches in height and weighing 155 pounds. Is of slender build; has dark eyes, close together and looked to be crossed or near-sighted; sharp features. Has high pitched, squeaky voice and is smooth shaven. He is a persistent player of slot machines, and has worked as a carpenter. Below we reproduce signature of F. J. Smith.

F. J. Smith

GENERAL

For nearly five months ROBERT KYLE, alias Richard Barry, and ROBERT J. BAKER, drew checks against a bank member in New York City, signing the names of O. F. Wicks, O. F. Wilkes and E. B. Aymar. They passed these checks on merchants in New York City, surrounding towns, and various parts of Connecticut, Massachusetts and New Jersey. No bank member lost through the operations of these men.

On July 26, 1913, these two men were arrested near Boston. While being returned to Boston, Kyle escaped from a moving train. Baker was returned to Boston, and upon making restitution to the parties defrauded there was released.

On August 13, 1913, the New Haven, Conn., police requested our detective agents to assist them in rounding up these two men. That evening a representative of the New York office of our detective agents found Baker at his home in New York City. With the assistance of the local police Baker was placed under arrest. In default of furnishing \$2,000 bail, Baker was remanded to the toms to await the arrival of an officer with requisition papers from the State of Connecticut.

On August 19, 1913, a representative of the New York office of our detective agents found Kyle at his home in New York City. With the assistance of members of the New York Police Department, Kyle was placed under arrest. It developed after his arrest that the New York police had been searching for some time for Kyle, believing that he was connected with a number of flat burglaries. Kyle was held under \$5,000 bail.

Kyle is described as follows: Age, 30 years; height, 5 feet 7 inches; weight, 140 pounds; complexion, dark; hair, dark brown; style of beard, smooth shaven.

Baker is described as follows: Age, 20 years; height, 5 feet 5 inches; weight, 160 pounds; complexion, light; eyes, blue; hair, light brown; style of beard, smooth shaven; nativity New York City; occupation, insurance collector.

FRED DIEBEL, Jr., a former practising attorney of New Orleans, La., on July 21, 1913, at Memphis, Tenn., was convicted on the charge of holding up and robbing the cashier of an all-night restaurant. At his trial he denied that he was guilty of the hold-up, but openly boasted that he had forged checks for several years and had secured approximately \$250,000 through his fraudulent transactions.

Some years ago, Diebel was arrested with Sam Jones in connection with swindling a well-known firm of attorneys of New Orleans by means of a forged check. He made his escape from the New Orleans jail, went to Memphis, Tenn., and practised the same game on a well-known attorney of that place. Later he was arrested in Denver, Col., returned to Memphis, where he was convicted and sentenced to serve a term in the Tennessee Penitentiary.

For his recent offence he was sentenced to serve seven years in the Tennessee State Penitentiary.

STEPHEN DEMMON, a man of good education, pleasing address and splendid physique, was recently

arrested by the local authorities at Shelbyville, Ky., for cashing a bogus draft for \$50 at a lumber concern in New Orleans, the draft being drawn on a member bank in Poplarville, Miss. He will be returned to New Orleans to stand trial.

Demmon is described as being 33 years of age, 6 feet in height, weighs 195 pounds, athletic build, blue eyes, brown hair slightly streaked with grey, rather drooping mouth and ruddy complexion.

OTTO HACKER, alias Louis J. Roller, arrested July 10, 1913, at Mount Sterling, Ky., for a worthless check passed on a Crowley, Louisiana, bank member, was sentenced at that point July 23, 1913, to serve two years in the Louisiana State Penitentiary at Baton Rouge, La. JOURNALS, July, 1913, page 42, and August, 1913, page 105.

WILLIAM WIRT JOHNSON, arrested at New Orleans, La., July 15, 1913, for passing worthless check at Opelousas, La. was released through lack of evidence. JOURNAL, August, 1913, page 106.

The attention of the members is called to the arrest of G. F. McMAHON, a notorious worthless check operator and swindler, who for several months past has been operating throughout Texas and Oklahoma. McMahon's arrest was effected by the police department of Chickasha, Okla., on July 16, 1913, and he was returned to Austin, Texas. McMahon operated principally against retail merchants.

McMahon is described as follows: Age, 44 years; height, 5 feet 7 1/4 inches; weight, 175 pounds; build, heavy; complexion, sallow; eyes, azure; hair, light thin; dress and appearance, ordinary.



JOSEPH MARCAN.

JOSEPH MARCAN, alias C. R. Marks, whose photograph is reproduced above, was arrested on July 26, 1913, at Ogden, Utah, on a charge of passing three checks, one for \$25 and two for \$16, each on local business houses, and it is said he is going to plead guilty.

Marcán, under the name of C. R. Marks, in Salt Lake City, Utah, on January 21, 1913, pleaded guilty to obtaining money under false pretences, and was sentenced to six months in the county jail. It is be-

lieved that Marcan, alias Marks, has a previous criminal record and is probably wanted in other places.

He is described as follows: Age, 26 years; height, 5 feet 11½ inches; weight, 156 pounds; complexion, medium; hair, dark; eyes, grey; nationality, Irish-American. Has good teeth and a small scar in corner of left eye.

FRED R. MATHER, whose arrest in Buffalo, N. Y., was reported on page 107 of the August, 1913, JOURNAL, was returned to Cleveland, Ohio, and indicted by the Grand Jury, and is now awaiting trial.

Officers connected with Constable John Boone's office, Houston, Tex., on July 31, 1913, arrested **BEN PURL**, complaint having been sworn out by the Milby Hotel and Ernest Fitzgerald of Houston, Tex., who allege that Purl swindled them by means of a worthless check and a worthless draft respectively. Purl, who gave his occupation as that of a public accountant and auditor, was given a hearing and remanded for trial to a higher court, his bond being placed at \$600. Purl claims San Antonio, Tex., as his home.

He is described as follows: Age, 38 years; height, 5 feet 11½ inches; weight, 200 pounds; build, stout; hair, chestnut; eyes, brown; complexion, dark; appearance, well dressed, full round face.

WILLIAM A. RAINES, 47 years of age, residing at 4500 Garfield Avenue, St. Louis, Mo., was arrested in that city August 18, 1913, on a complaint of Scott Parks, of New Albany, Miss., who said that Raines was wanted in Myrtle, Miss., for passing a worthless check for \$40 on William Burns. Raines admitted this and also said he had passed a check for \$25 on A. H. Curtis, of Memphis, Tenn. Raines was arrested in St. Louis on August 1, 1913, at the instigation of a hotelkeeper to whom he gave a check drawn on his brother, and was afterwards released.

H. S. VINCENT, alias H. M. Vincent, whose arrest was reported on page 607, March, 1913, JOURNAL, on March 12, 1913, at Memphis, Tennessee, was sentenced to serve two years in the State Penitentiary.

ARRESTED.

Posing as a count from England, a man using the name of **GEORGE H. ACKERS**, recently deposited a worthless draft of \$3,600 at a New Orleans, Louisiana, member bank. This draft was drawn on a non-member bank at Anniston, Ala., Ackers stating that he desired to transfer his account to this city. Ackers also presented a check for \$100 which he desired cashed, but both transactions were refused. It subsequently developed that he had no funds at the Anniston, Ala., non-member bank. He is described as being 33 years of age; 5 feet 8 inches in height; 135 pounds in weight; medium build; fair complexion; smooth shaven; neat of dress and apparently English. He was arrested at Atlanta, Ga., on August 21, 1913.

HOWARD W. BALLARD, alias R. W. Ballard, whose picture and description was published in the June issue of the JOURNAL, page 837, was found in Portland, Oregon, by our detective representatives and placed under arrest August 13, 1913. He is being returned to Miami, Oklahoma, for prosecution by a member bank there.

JULIUS C. CARBUHN, in the month of July, 1913, called at the post office in Sumner, Washington, and received mail belonging to John Nelson. The postmaster delivered one letter in particular to Carbuhn containing two checks. These checks were presented to a local bank and cashed without identification. The next day Carbuhn forged a letter purporting to have been written by John Nelson to the Puyallup & Sumner Fruit Growers Association, requesting a check with which to settle with some of his berry pickers, who were leaving. Carbuhn presented this letter to the Secretary of the

Fruit Growers Association and the Secretary made out a check payable to John Nelson. This check was also presented to the same bank and cashed without identification. Carbuhn forged the name of John Nelson on all three checks.

Carbuhn is described as follows: Age, 14 years; height, 5 feet 5 inches; weight, not noted; build, medium; eyes and hair, not noted.

He has since been located and turned over to the care of the Pierce County, Washington, Sheriff to answer a charge of forgery through the Juvenile Court.

JOSEPH CONDE, whose description was published on page 101 of the August, 1913, JOURNAL, was arrested by our detective agents and Detective Angelo C. Ember at Mt. Vernon, New York, on August 8, 1913. His arrest was on complaint of a Clanton, Alabama, bank member, who charged him with forgery.

ROBERT DINKINS, whose photograph and description is shown on page 102 of August, 1913, JOURNAL, was arrested in Muncie, Ind., on August 8, 1913, and has been returned to Elwood, Indiana, for trial.

ELMER EMBREE, who was wanted for passing forged check on bank member, Los Angeles, California, was arrested on August 11, 1913, at that place. He is described as follows: Age, 19 years (1913); height, 5 feet 8 inches; weight, 145 pounds; complexion, fair; hair, brown; eyes, grey. The investigation was made for the California Bankers Association, as well as this Association.

RAY GRUBB, alias Harry Clark, alias Ray Youlan, alias Roy Black, was arrested by our detective agents in Des Moines, Ia., August 1, 1913, for having passed a forged check on a membership bank in Woodward, Iowa, and also in Madrid, Iowa. The Iowa Bankers Association co-operated with this Association in bringing about the apprehension of this party. A specimen of this forger's handwriting is reproduced below.

Harry Clark

Wanted by a bank member of Brownsville, Texas, on a charge of forgery, **LATUS JOHNSON**, was arrested at New Orleans, La., at the instigation of our detective agents. He made a full confession acknowledging his guilt.

Our detective agents have learned that **ROBERT M. KELLY**, wanted by a bank member at Bishopville, South Carolina, on a charge of issuing worthless checks, was arrested at Jacksonville, Fla., and on June 8, 1913, was sentenced to serve six months, having been convicted on a charge of grand larceny. He has been placed in charge of the Florida Pine Company, of Jacksonville, Fla., who are lessees of Florida convicts and is now stationed at Terrell, Fla. He was convicted under the name of J. C. Kelly. A retainer will be lodged against him. At the expiration of his term, which will be on November 13, 1913, he will be returned to Bishopville, S. C., for prosecution.

A membership bank of Prestonburg, Kentucky, early in August, 1913, reported to the Pittsburgh office of our detective agents that they had been defrauded of a considerable sum through having cashed checks for someone who impersonated one of their depositors.

A representative of our detective agents, within four days after his arrival in Prestonburg, succeeded in causing the arrest of **ANDY LEWIS** at McVeigh, Kentucky, on August 15, 1913.

Lewis was later identified by various persons

who had cashed checks for him when he had impersonated the customer of the membership bank in question.

Lewis is described as follows: Age, 42 years; height, 5 feet 10 inches; weight, 140 pounds; build, rather slender; complexion, fair; hair, dark chestnut; eyes, grey; dark brown mustache, rather red. Walks with stooped shoulders and is round shouldered. Has two coal scars one on each chick bone and has the appearance of a miner. Wore black soft slouch hat, blue polka dot shirt, dark brown trousers, with black stripe and miner's shoes.

RAY McPHERSON, nineteen years of age; 5 feet 8 inches tall; weighing 120 pounds; broad shouldered; brown eyes; dark chestnut hair, was arrested by our detective agents on July 26, 1913, at Des Moines, Iowa, on a charge of defrauding a bank member of that place by means of forged check. On August 1, 1913, he was given a hearing before Justice Hitze at Des Moines, Iowa, and pleaded guilty to a charge of forgery. The Iowa Bankers' Association is co-operating with this Association in this case.

W. A. MATTHEWS, wanted for defrauding a bank member at Denver, Colorado, was arrested during the month of July, 1913 in Norfolk, Virginia, and returned to Denver, Colo. He is charged with forgery.

T. J. PALMER, alias Leo D. Yates, alias Leo D. Hayes, alias Lee Hays, who posed as an automobile salesman, was arrested in Chicago, Ill., August 18, 1913, for having passed a number of forged checks in that city. He attempted to draw against an account with a bank member of Chicago, Ill., which had been opened by depositing a check to which the signature of L. Globe had been forged. This party is supposed to have been in Milwaukee, Wis., Green Bay, Wis., Duluth, St. Paul, and Minneapolis, Minn., during June and July, and it is possible that he had been engaged in passing forged checks in these cities.

Description of Palmer is as follows: Age, about 28 years; height, 5 feet 9 1/2 inches; weight, 160 pounds; build, medium; complexion, fair; hair, light chestnut; eyes, slate blue; style of beard, smooth shaven; appearance, salesman. Sample of his handwriting is reproduced below.

T. J. Palmer
July = 30th 3

We have learned that E. K. REEDY, who is wanted by a bank member at Redlands, Cal., on a charge of forgery, is confined in the New Castle, Wyo., jail for issuing worthless checks. This matter has been taken up with the prosecuting attorney of San Bernardino, Cal., but there is some doubt as to whether or not the authorities in that city will send after Reedy. JOURNAL, page 835, June, 1913.

LESLIE STRAIN, accused of passing forged checks on a bank member of Des Moines, Iowa, was arrested by our detective agents on August 4, 1913. Strain is described as follows: Age, 40 years; height, 5 feet 2 1/2 inches; weight, 121 pounds; complexion, light; hair, light chestnut, thin on top; eyes, slate blue; nativity, American. He has a moon-shaped scar between first and second joints of first finger on left hand, a perpendicular scar above right

eyebrow, and a small mole on left side of face near ear. The Iowa Bankers' Association is co-operating with this Association in this case.

It has been established by our detective agents, that PHIL TAMBLE, alias Bayley, who is under arrest at Toledo, Ohio, is the sneak thief who entered a Detroit, Mich., bank member on October 5, 1912, and stole a sum of money from the paying teller's window. The photograph of Tamble has been positively identified by the bank officials.

Charged with passing a forged check on a bank member of Pittsburgh, Pa., GEORGE A. WILLIAMS, a negro, was arrested at Pittsburgh, Pa., on August 1, 1913. His arrest was brought about by a bookkeeper of the bank who saw him on the street.

JAMES F. WILSON, alias George C. Leonard and CHARLES MATTHEWS, who defrauded bank members of Denver, Colorado, through a medium of forged checks, were arrested at Salt Lake City in the fore part of July, 1913. They were returned to Denver.

Charged with stealing a bank book, showing the joint account of his sister and her husband, and forging the latter's name, EUGENE ZIEGLER was arrested by our detective agents on August 13, 1913, and turned over to the New York police.

Ziegler is accused of impersonating his brother-in-law and drawing the account out of a member bank, New York City. At the time of his arrest, he was holding the stolen bank book in his hand. On being arraigned in the Third District Court, New York City, he was held on a charge of forgery, and bail was fixed at \$1,500.

Ziegler is described as follows: Age, 32; height, 5 feet 7 1/2 inches; weight, 150 pounds; complexion, medium red; hair, very dark brown; eyes, brown.

Below is shown a reproduction of Ziegler's handwriting.

Stefan Revers

SAMUEL ZOBOL, during the month of July, 1913, succeeded in passing several forged checks drawn on a bank member of Philadelphia, Pennsylvania, in different parts of the states of Pennsylvania, New Jersey and New York. Several of these checks were paid by the member before the forgeries were discovered. Zobol had signed the name of his former employer to the checks and cashed them at electrical supply companies and rubber companies in payment for goods and in nearly every instance received a small cash balance. When he reached Pittsburgh, Pa., in the latter part of July, 1913, he was without funds and his stock of blank checks had given out; and he gave himself up to the police of that city.

Our detective agents learned of the fact that he had given himself up, and a representative of the Philadelphia office of our detective agents and a member of the Philadelphia Police Department went to Pittsburgh. Zobol was arraigned before a magistrate and was discharged on the day the officers arrived in Pittsburgh. They placed him under arrest as he was leaving the court. He was returned to Philadelphia, Pa. where he is now awaiting trial.

Zobol is described as follows: Age, 20 years; height, 5 feet 3 1-3 inches; weight, 121 pounds; build, medium; complexion, light; hair, light brown; eyes, pale blue; clean shaven; born, Russia; occupation, clerk.

REMOVED.

CHARLES BRIGHTHAUP, whose arrest is reported on page 840 of the June, 1913, JOURNAL, was tried and convicted of forgery against a bank mem-

ber of Hazleton, Pennsylvania, on July 7, 1913, and sentenced to serve thirteen years in the Pennsylvania State Penitentiary or to pay a fine of \$1,300. Also see JOURNAL, May, 1913, page 765.

A. S. CAUBLE, whose arrest was reported on page 740 of the June, 1911, JOURNAL, has succeeded in having his case stricken from the docket.

JOSEPH CONDE, whose arrest was reported in another column of this issue, was released on August 9, 1913, from the White Plains, New York, jail, where he had been sent to await the arrival of an officer from Clanton, Alabama. The authorities of Alabama refused to extradite the prisoner.

E. O. CRABAUGH, alias Tom Hannabough, whose arrest was reported on page 106 of the August, 1913, JOURNAL, in connection with forgeries perpetrated on a bank member at Bartlesville, Oklahoma, has been released.

MARTHA DOYLE, alias Martha Knaak, on July 26, 1913, was sentenced to serve sixty-five days in the House of Correction, Detroit, Michigan. JOURNAL, June, 1913, page 840.

ELMER EMBREE, whose arrest was reported in another column of this issue, was released on August 11, 1913, by the Los Angeles authorities and placed under a year's probation, and to report to the probation officer from time to time. The California Bankers Association co-operated with this Association in this matter.

WILLIAM HARRIS, whose arrest was reported on page 534 of the February, 1913, JOURNAL, has been released from custody.

HENRY JONES, alias Wilson, who defrauded a bank member at Lakeville, Connecticut, by means of a forged check, on April 4, 1913, at Poughkeepsie, N. Y., was sentenced to serve one year in Sing Sing Prison. His arrest was reported on page 862 of the April, 1913, JOURNAL.

One year in the St. Louis, Mo., Workhouse was the sentence imposed upon ALBERT MACKIE on February 14, 1913. He was arrested on April 17, 1912, on complaint of a bank member at St. Louis, Missouri, charging him with forgery. JOURNAL, February, 1913, page 534.

We are in receipt of information from our detective agents at Baltimore, Maryland, to the effect that HENRY MARTIN THORNTON, alias John Randolph, alias Henry Courtney, etc., whose arrest was reported on page 47 of the July, 1913, JOURNAL, pleaded guilty in the Criminal Court at Washington, D. C., on July 24, 1913, to a charge of obtaining money under false pretenses, and was sentenced by Judge Ashley M. Gould to serve eighteen months in the penitentiary at Stillwater, Minn.

The case against ANNA VEVERKA who was indicted along with her brother Charles Veverka for complicity in forging and passing checks on a member bank of Pittsburgh, Pennsylvania, was nolle prossed, Anna Veverka being discharged, the costs in her case to be paid by the county.

JAMES F. WILSON and CHARLES MATTHEWS, whose arrest was reported in another column of this issue, were arraigned in the West Side Court of Denver, Colorado, on July 24, 1913. Wilson received an indeterminate sentence at the Colorado State Reformatory at Buena Vista, Colorado. Matthews case was held open for further investigation.

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

ALLEGED FORGERS, ETC.

Ackers, George H., August 21, 1913, arrested; swindle New Orleans, La.
 Ayres, Thomas C. B., June 6, 1913, arrested; forgery Los Angeles, Cal.
 Bailey, Mrs. Ray, April 30, 1912, arrested; forgery Waterloo, Ia.
 Ballard, Howard W., August 13, 1913, arrested; forgery Miami, Okla.
 Bates, Roy, July 3, 1913, arrested; swindle Sausalito, Cal.
 Beresford, O. J., July 9, 1912, arrested; swindle San Pedro, Cal.
 Booker, E. W., January, 1913, arrested; forgery Auxvasse, Mo.
 Burtis, Otto, December, 1912, arrested; swindle Bluffton, Ind.
 Bush, J. A.; May 29, 1913, arrested; forgery Wenatchee, Wash.
 Callistano, Tony, March 7, 1913, arrested; forgery Cleveland, Ohio.
 Campbell, James M., May 22, 1913, arrested; swindle Los Angeles, Ca.
 Carbuhn, Julius C., August 1, 1913, arrested; forgery Sumner, Wash.
 Carpenter, Frederick H., May 11, 1912, arrested; forgery Providence, R. I.
 Casper, Charles J., August 31, 1912, arrested; forgery Steger, Ill.
 Catchings, Virgil, July 8, 1913, arrested; forgery Portland, Ore.
 Chestnut, W. P., July 8, 1913, arrested; forgery Americus, Ga.
 Chilton, Carl, May 1, 1913, arrested; theft Calvin, Okla.

Cohen, Samuel, March 15, 1912, arrested; forgery Boston, Mass.
 Cole, C. E., January 15, 1912, arrested; swindle Atlanta, Ga.
 Collins, T. J., September 19, 1912, arrested; swindle Helena, Ark.
 Cooper, —, May, 1913, arrested; forgery N. Y. C.
 Coover, Van R., April 12, 1913, arrested; forgery Kern, Cal.
 Countryman, A. L., May 16, 1913, arrested; forgery Galveston, Texas.
 Crow, Thomas, December 6, 1912, arrested; forgery Portland, Ore.
 Davenport, E. L., May 18, 1913, re-arrested; swindle Forest Grove, Ore.
 De Manganont, Albert, February 6, 1913, arrested; swindle Akron, Ohio.
 Dinkins, Robert, August 8, 1913, arrested; forgery Elwood, Ind.
 Donahue, Thomas, June 19, 1912, arrested; forgery Baltimore, Md.
 Dostal, James, May 7, 1913, arrested; forgery Cedar Rapids, Iowa.
 Douglass, George, April 10, 1913, arrested; forgery Rochester, N. H.
 Eberman, S. S., June, 1913, arrested; attempted swindle Green River, Wyo.
 Edmonds, William E., March 11, 1913, arrested; forgery Marshfield, Ore.
 Egan, Edward T., July 10, 1913, arrested; swindle Mayville, N. Y.
 Einsfeld, George, July 24, 1913, arrested; forgery Brooklyn, N. Y.
 Ellars, William A., February 11, 1913, arrested; forgery Fort Worth, Texas.

- Estes, H. E., June 5, 1913, arrested; swindle White City, Kansas.
- Fitzgerald, Thomas, March 15, 1913, arrested; attempted swindle Kansas City, Mo.
- Fowler, Frank W., April 30, 1912, arrested; swindle Chicago, Ill.
- Gassner, Joseph, December 19, 1912, arrested; forgery New York, N. Y.
- Gerwitz, Merrill, June 30, 1913, arrested; forgery Cattaraugus, N. Y.
- Gray, S. H., November 12, 1910, arrested; forgery Athens, Tenn.
- Grout, J. E., May 20, 1913, arrested; forgery Kansas City, Mo.
- Grubb, Ray, August 1, 1913, arrested; forgery Woodward, Ia.
- Haiken, Esther, May 28, 1912, arrested; forgery New York, N. Y.
- Hammond, Allie, June 3, 1913, arrested; swindle Clymer, Pa.
- Hank, Warren, May 13, 1911, arrested; attempted swindle Wapakoneta, Ohio.
- Hawley, Willard, June, 1913, arrested; forgery Houston, Texas.
- Henifer, Charles, January 16, 1913, arrested; forgery Richmond, Va.
- Hill, M. C., June 12, 1913, arrested; forgery Atlanta, Ga.
- Hoel, C. J., May 29, 1913, arrested; forgery Pueblo, Col.
- Holtzlander, Frank, Jr., June 12, 1913, arrested; forgery North Platte, Nebr.
- Hornung, John Henry, July 17, 1913, arrested; forgery New York, N. Y.
- Houston, J. L., April 24, 1912, arrested; swindle Chicago, Ill.
- Hudson, John E., November 19, 1912, arrested; swindle Beeville, Texas.
- Isaacs, Walter, April 25, 1913, arrested; swindle Kingsport, Tenn.
- Johnsen, A. R., July 25, 1913, arrested; forgery N. Y.
- Johnson, Abram J., June 19, 1913, arrested; swindle McLeansboro, Ill.
- Johnson, Latus, August 25, 1913, arrested; forgery Brownsville, Texas.
- Jordan, J. A., April, 1913, arrested; swindle Redding, Cal.
- Keane, Florence, June 16, 1913, arrested; forgery Buffalo, N. Y.
- Keith, R. L., March 26, 1913, arrested; swindle Chattanooga, Tenn.
- Kelly, Robert M., June 8, 1913, arrested; swindle Bishopville, S. C.
- Kerr, A. L., July 11, 1913, arrested; swindle Pittsburgh, Pa.
- Kirkpatrick, H. S., June 15, 1911, arrested; forgery West Point, Ga.
- Knapp, Fred S., December 9, 1912, arrested; forgery Portland, Ore.
- Knotts, Henry J., November 8, 1912, arrested; swindle Georgiana, Ala.
- Lacy, Frank, January 28, 1913, arrested; forgery Los Angeles, Cal.
- Laubenthal, George M., November, 1912, arrested; swindle Waterloo, Ill.
- League, S. A., October 31, 1912, arrested; forgery Chattanooga, Tenn.
- Lewis, Andy, August 15, 1913, arrested; forgery Prestonburg, Ky.
- McAlley, George, July 20, 1913, arrested; forgery Forrest Park, Ill.
- McCartney, E. J., February 3, 1913, arrested; forgery Sallislaw, Okla.
- McClendin, Ella, June 3, 1913, arrested; attempted swindle Georgetown, Col.
- McIlwain, Harry M., April 17, 1913, arrested; swindle Sharon, Pa.
- McPherson, Ray, July 26, 1913, arrested; forgery Des Moines, Ia.
- McReady, R., April 26, 1913, arrested; forgery Fort Lauderdale, Fla.
- Magoon, Byron G., August 17, 1912, arrested; swindle St. Helens, Ore.
- Mann, W. H., June, 1913, arrested; forgery St. Josephs, Ore.
- Mather, Fred R., July 26, 1913, arrested; swindle Cleveland, O.
- Matthews, Charles, July, 1913, arrested; forgery Denver, Col.
- Matthews, W. A., July, 1913, arrested; forgery Denver, Col.
- Mattingly, C. B., March, 1913, arrested; swindle Beebe, Ark.
- Merritt, G. C., May 21, 1913, arrested; swindle Des Moines, Ia.
- Meyers, Charles H., December 30, 1912, arrested; swindle Eastman, Ga.
- Mitchell, C. E., July 26, 1912, arrested; swindle Monroe, La.
- Morrill, Fred W., December 9, 1912, arrested; forgery Portland, Ore.
- Morton, Chas. S., January 6, 1912, arrested; swindle Baltimore, Md.
- Neiss, William F., April 2, 1913, arrested; forgery Los Angeles, Cal.
- Nelson, C. J., April 18, 1912, arrested; forgery Birmingham, Ala.
- Newman, Ira, May 17, 1912, arrested; forgery Cairo, Ill.
- Palmer, Frederick George, March 15, 1913, arrested; forgery Los Angeles, Cal.
- Palmer, T. J., August 18, 1913, arrested; forgery Chicago, Ill.
- Panos, James, May, 1913, arrested; swindle Willits, Cal.
- Percival, James, January 24, 1913, arrested; swindle Clarksburg, W. Va.
- Perry, Chas. G., October 25, 1912, arrested; swindle Middletown, Pa.
- Plum, William H., December 24, 1912, arrested; forgery Kansas City, Mo.
- Posey, J. E., August 10, 1911, arrested; forgery Aiken, S. C.
- Reed, E. K., July, 1913, arrested; forgery Redlands, Cal.
- Richardson, M., January 1, 1913, arrested; swindle Kansas City, Mo.
- Riley, Dan, July 8, 1913, arrested; forgery Portland, Ore.
- Rogers, C. R., August, 1912, arrested; forgery Cordele, Ga.
- Romero, C. D., December 14, 1912, re-arrested; forgery Springfield, Utah.
- Schantz, Orin E., November 29, 1912, arrested; swindle Eldorado, Ill.
- Scherberg, C. W., February, 1913, arrested; swindle Grenada, Miss.
- Schreiber, Herbert E., August 2, 1912, arrested; swindle Denver, Col.
- Shatzkin, Nahum J., January 3, 1913, arrested; forgery New York City.
- Shaw, Herschel, June 6, 1913, arrested; theft Calvin, Okla.
- Shivers, Vernon F., December 21, 1911, arrested; forgery Lake Providence, La.
- Smith, Roy, July 12, 1913, arrested; forgery Longmont, Col.
- Solheim, Ole Peter, July 17, 1913, arrested; forgery Minneapolis, Minn.
- Sonneberg, Leo, March 22, 1913, arrested; forgery New York, N. Y.
- Spencer, C. J., April, 1913, arrested; swindle Redding, Cal.
- Stone, Harry, November, 1912, arrested; forgery Bakersfield, Cal.
- Sturgis, R. E., July 3, 1913, arrested; swindle Jennings, La.

Strain, Leslie, August 4, 1913, arrested; forgery Des Moines, Ia.
 Taft, W. H., June 5, 1913, arrested; swindle Los Angeles, Cal.
 Tamble, Phil, June, 1913, arrested; theft Detroit, Mich.
 Thompson, L. C., February 22, 1913, arrested; forgery Newport, Ky.
 Van Leckwyck, Carl, October 2, 1912, arrested; forgery Plymouth, Mass.
 Vincent, H. S., January 29, 1913, arrested; swindle Memphis, Tenn.
 Walton, Harold, June 8, 1913, re-arrested; swindle New Orleans, La.
 Waters, Joseph, June 18, 1912, arrested; forgery Baltimore, Md.
 Weil, Maechel, February 17, 1912, arrested; swindle Chicago, Ill.
 West, Henry, May 19, 1911, arrested; forgery Yuma, Ariz.
 Wheeler, Charles E., February 14, 1913, arrested; swindle Tulsa, Okla.
 Williams, George A., August 1, 1913, arrested; forgery Pittsburgh, Pa.
 Woodruff, William R., May, 1913, arrested; forgery Detroit, Mich.
 Woolf, Beit, May, 1913, arrested; forgery N. Y. C. York, G. A., January, 1913, arrested; raised check Waterville, Wash.
 Ziegler, Eugene, August 13, 1913, arrested; forgery New York, N. Y.
 Zobel, Samuel, July, 1913, arrested; forgery Philadelphia, Pa.

BURGLARS AND HOLD-UP ROBBERS.

Baggett, H. C., February 21, 1913, arrested; attempted burglary Talladega, Ala.
 Brown, J. K., November 21, 1912, arrested; burglary Portage, Ohio.
 Clark, William, April 14, 1913, arrested; burglary Mosier, Ore.
 Faulkner Leon, June 2, 1913, arrested; attempted burglary Yukon, Okla.
 Gagnier, Edward, April 14, 1913, arrested; burglary Mosier, Ore.
 Karslake, A., March 19, 1913, arrested; burglary Bastrop, La.
 Miley, William, December 28, 1912, arrested; burglary Portage, Ohio.
 Moorey, Vivian, June 2, 1913, arrested; attempted burglary Yukon, Okla.
 Morris, Frank, May 9, 1911, arrested; attempted burglary Layton, Utah.
 Perrine, Virgil, July 5, 1913, arrested; holdup Milwaukee, Ore.
 Robinson, Harry, March 19, 1913, arrested; burglary Bastrop, La.
 Robinson, Mrs. Harry, March 19, 1913, arrested; burglary Bastrop, La.
 Wilson, Charles, February, 1913, arrested; attempted burglary Vera, Okla.

STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.

AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE.

From September 1, 1912, to August 31, 1913.

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

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

	Awaiting trial, etc. September 1, 1912.	Arrests from September 1, 1912, to August 31, 1913.	Arrests in August, 1913.	Total.	Convicted.	Discharged or Acquitted.	Escaped or Fugitives.	Insane, Suicide or Died.	Awaiting Trial.
Forgers.....	122	271	21	292	187	82	11	3	131
Burglars.....	1	24	..	24	9	2	12
Hold-up robbers.....	2	2	..	2	3	1
	125	297	21	318	199	84	13	3	144

BOOK OF FORMS FOR NATIONAL AND STATE BANKS.

CAN be secured by members of the American Bankers Association by sending remittance to the Clearing House Section. The price is \$5 per copy. The book is handsomely bound in flexible leather covers and contains over 300 banking forms with many suggestive ideas. Subscribers will be entitled to receive, free of charge, additional sheets showing new forms that changes in banking practice or law may bring into use.

NEW KEY TO THE NUMERICAL SYSTEM.

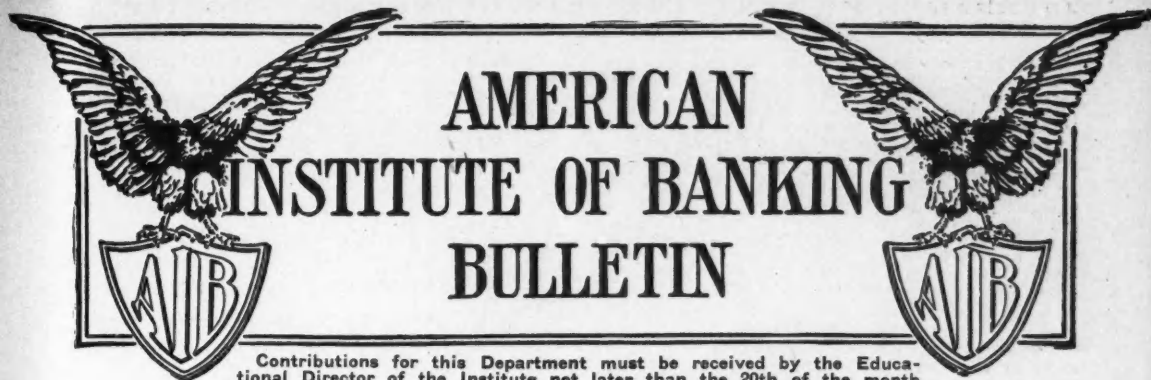
A NEW edition of the Key has just been published, which includes the numbers of all banks corrected up to September 1st. The new book takes the place of the regular Supplement, and all banks using the system should have a copy. We are able to supply the book through this office, postage prepaid, for \$1.50 per copy. The percentage of numbered checks is rapidly going up, so that nearly all banks are now able to use the System to advantage.

PAMPHLETS FOR MEMBERS OF SAVINGS BANK SECTION.

A NEW edition of our pamphlet "How to Operate a School Savings Bank," containing five methods, together with laws of various States relating to school savings banks, has just been received; also a new edition of the pamphlet "Absolute Identification," treating of the finger-print method.

We have also a small number of the following pamphlets: "The Ethics of the Savings Bank," by Wm. E. Knox, Comptroller Bowery Savings Bank, New York, "European Land and Rural Credit Facilities," by Edwin Chamberlain, Vice-President San Antonio Loan & Trust Co., San Antonio, Texas. "Finger Prints Proven Practical."

Any or all of these pamphlets may be had upon application to E. G. McWilliam Secretary Savings Bank Section, 5 Nassau Street, New York.



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

OFFICERS, 1912-1913.

CHAIRMAN EXECUTIVE COUNCIL:
F. A. CRANDALL, Vice-President National City Bank,
 Chicago, Ill.

PRESIDENT:
BYRON K. MOSER, St. Louis Union Trust Co., St. Louis.

VICE-PRESIDENT:
H. V. HAYNES, Riggs National Bank, Washington, D. C.

SECRETARY:
H. S. SMALE, Continental and Commercial National Bank,
 Chicago, Ill.

TREASURER:
I. L. BOURGEOIS, Hibernia Bk. & Trust Co., New Orleans.

EDUCATIONAL DIRECTOR:
GEORGE E. ALLEN, 5 Nassau Street, New York City.

LOANS AND DISCOUNTS.

By **Freas B. Snyder**, Assistant Cashier of the First National Bank of Philadelphia—Synopsis of a Series of Addresses Before Various Chapters of the American Institute of Banking—Relationship of the Functions of Issue and Deposit and Discount—Consideration of Credit Risks With Particular Reference to the Analysis of Business Statements.

THE three generally recognized banking functions are Issue, Deposit and Discount. The function of issue is one of the greatest of our national problems and with the growing participation of this country in world finance, it is rapidly assuming international importance. J. Laurence Laughlin in his pamphlet on "Banking Reform" issued by the National Citizens' League, says: "The function of issue is less important than the functions of discount and deposit. In fact, the function of issue is not essential to a modern bank in this country, because by use of the functions of discount and deposit, it can create an effective and elastic medium of exchange by its deposit currency." As examples he cites our State Banking Institutions and the Banking Department of the Bank of England.

Deposit was originally a simple operation, but it has grown in complexity with the increased use of checks and the attempt through clearing house agreements to place the burden of collection costs where it properly belongs. The increasing number of small banks, many expecting to pay expenses out of the exchange account, adds another element of complexity to this problem. The issue function and that of deposit are so closely related that the solution of both may be simultaneous. At any rate, it appears reasonably certain that no plan for currency reform can be successful unless it takes into account the extent to which the check has become a part of the financial system of this country.

It is rather interesting to observe in passing that, although 95 per cent of a bank's force is engaged in the work arising from the ramifications of the deposit function, their efforts produce no income except the incidental items of "Exchange" and "Interest on Balances." It is the service rendered by them, however, which in a large measure attracts and retains the balances, making possible the exercise of the discount function.

Modern banking is a development, the eventual result of a growth of centuries, so gradual, so persistent, so inevitable as to be almost comparable to a geological formation. Assyria saw the origin, Babylon knew the embryo nine centuries before the Christian era when notes and bills of exchange were inscribed on clay tablets and baked in the sun. Down through the ages it spread through "the individual money changer, the Jewish lender, the Lombard banker," the public banks founded on state debts, the early exchange banks, national institutions founded to effect a unification of currency to the Goldsmith's of London. But credit was as yet unborn, the function of discount unknown, money received was in the nature of a special deposit, loanable until needed, but returnable, in kind on demand. Usury was forbidden by the Scriptures and the injunction had been carried into the organic law.

"This was a natural evolution from conditions of the time" as Conant points out in his History. "The rigors of the church were directed primarily against loans for consumption purposes. When saved capital was the exception and opportunities for organized industry were rare, loans for productive purposes were the exception," he says.

Banking was not alone in its development, but population grew, industry flourished, civilization expanded. The nomads ceased their wanderings, built their huts and the creation of capital was begun. As opportunities for its productive use multiplied, prejudice against the insistence on a share of the profits diminished. But the distinction between loans for consumption and loans for production still marks a dividing line in credit judgment.

The bankers then discovered that in the ordinary course of business their depositors in the aggregate rarely called for over 20 per cent of their deposits at any one time and it was therefore necessary to keep only that proportion in cash. Then they developed the corollary proposition that for every dollar in money furnished by their own capital or deposited by a customer a book credit of four to five dollars could safely be created by accepting a depositor's note and passing the proceeds to his account. This, then, was the birth of the Siamese twins, the functions of deposit and discount.

In a pioneer country the safeguards of credit granting are necessarily different from those which prevail in settled communities. Capital is limited and much more depends upon a man's reputation for abil-

ity and honesty. In the early days of American banking a cashier was chosen because of his success in mercantile lines, which had given him an intimate knowledge of the standing of the various individuals in the community. A loan once made was expected to run a long time and was often secured by a lien on real estate. These were in effect advances for capital purposes rather than current uses. Practically all loans were made at home as there was an insistent demand for money at full rates, and the credit department, the note broker, and the elaborate machinery for gathering information which we now know were unthought of, in those days when the banker had a close personal knowledge of every man whose name was on the bank's discount books.

Credit Department.

The establishment of the first bank credit department is well within the memory of this audience. Fifteen years ago the number of institutions having specialized facilities of this character was limited. To-day, most of the large and many of the smaller banks have some systematic means of gathering, compiling and preserving credit data. One New York bank has so far developed the idea that it has an officer who devotes almost his entire time to visiting plants in his own and adjacent cities, together with the taking of photographs and the most minute inspection of a concern's physical and financial condition.

In the usual reserve city bank of moderate size, the credit department is directly under the supervision of an officer, generally the president or vice-president. The number of employees will necessarily vary with the extent to which the bank is an investor and purchaser of commercial paper. The many companies engaged in the manufacture of office furniture, files and systems can suggest so many excellent ways of filing information that it is hardly necessary for us to examine them in detail. Individual needs vary to such an extent that a system should be chosen to fit them, provided it gives quick, easy access to the desired facts, together with some simple methods for periodical revision.

The ordinary channels of credit information are:

(1) The facts and figures furnished by a customer both in the written statement, in conversation and by regular visits to his plant or store.

(2) Knowledge gained in the trade through creditors of the promptness with which bills are paid, and from competitors regarding the standing of the product.

(3) The experience of other bankers who may have had relations with the risk.

(4) Reports of the mercantile agencies.

(5) Miscellaneous sources such as newspaper clippings, particularly those in reference to suits, judgments and bankruptcies, and the many media which the credit man of experience learns to consult.

To the man deep in his subject there is scarcely an affair in human life which does not yield its quota of facts and information. He will find interesting observations from his wife's breakfast table conversation regarding her treatment by a certain department store to the varying shades of grief evidenced at the funeral of a rich relative by the expectant heirs.

Under the first heading of the information furnished by the customer direct, let us consider his line of business. The expensive methods of distribution prevailing in this country require three or four general classes of merchandisers. There is first the manufacturer; second, the wholesaler; third, the jobber and fourth, the retailer.

The manufacturer takes the risk of the variation in the prices of his raw material and his finished product, as well as of the errors which may arise from a failure to properly figure costs, through inefficient labor, strikes, depreciation of plant and introduction of new methods of manufacture, and the other vicissitudes of production which will readily suggest themselves to you. If he sells his product to wholesalers, he ordinarily deals with men of recognized responsibility and ample financial resources. This protects him from any large loss by reason of bad debts.

The wholesaler is not burdened with an expensive plant or the labor question, but he must maintain an expensive selling organization and exercise strict supervision over his credits. Many wholesalers, particularly in the dry goods line, supplement their efforts by manufacturing staple goods such as overalls and shirts. As a rule they confine themselves to handling one general class of goods.

If the product is of a character which requires the intervention of a jobber, he is generally the man who buys a wide variety of more or less closely related articles and distributes them to the retailer. He, too, maintains a large selling organization and an even more extensive credit system as his customers are widely scattered and they buy in smaller amounts.

Both the wholesaler and the jobber make a statement in which the receivables exceed the merchandise.

The last link in the chain, the retailer, is coming more and more to do a cash business so that the bulk of his quick assets is merchandise. With the growth of large department stores, the so-called and much despised "middle men" are often eliminated and the retailer deals direct with the manufacturer. The reduced cost of handling should redound to the direct benefit of the consumer by reduced prices, since in such a staple line as dry goods it is estimated that the cost of the product doubles from the time it leaves the mill until it is placed in the consumer's hands at the retailer's price. It is interesting to note in passing that there are a number of concerns which combine all four functions of distribution.

Credit Risks.

Which of these classes, then, makes the most desirable borrowing customer?

A close examination indicates that the greatest risk is taken by the manufacturer. We must, therefore, eliminate him. Good, carefully selected Accounts Receivable liquidate with a lower percentage of loss and in a more satisfactory manner than most varieties of merchandise. This, then, will make the retail merchant next in the elimination list, since merchandise predominates in his assets. As between the wholesaler and the jobber, it is probable that the wholesaler deals with a class which, as a whole, has greater responsibility, and his Receivables are correspondingly better. There is, too, a constant agitation for cutting out the jobber, and his importance in merchandising is greatly minimized. We therefore class the wholesaler as the best credit risk, the jobber next, then the retailer and finally the manufacturer.

All products of manufacture and trade may be divided into two general classes, that is, consumption goods and production goods. In the former, we class the things we eat, the clothes we wear, and all that great variety of articles which, as the title suggests, are used in serving their ultimate purpose. Production goods scarcely need any description, as their name readily indicates their character. It is unnecessary to suggest to you that in a business depending upon liquidity of resources and a constantly flowing capital, consumption goods make a more desirable basis for credit as by their sale the loans originating in the purchase of their raw material are liquidated.

For our own purpose we may sub-divide this class of consumption goods into necessities, comforts and luxuries. Banks desire first of all to loan their money to a business handling a product for which there is a constant demand in good times and bad, and the paper of the great packing houses and the good wholesale grocers therefore, commands the lowest rate in the market place. Following this comes a classification highly regarded because of its staple character and constant use, that is, wholesale hardware. For many years, wholesale dry goods, particularly in the print cloths, white goods and the standard lines have had the next call on the banker's favor. The last four years, however, have witnessed so many failures in this particular line, due in a large measure to the tendency to presume upon this favor by borrowing excessive amounts of money and overtrading beyond the greatest limits of invested capital, that this statement is now made with certain reservations. Among the seeming necessities those which are least attrac-

tive are in the lines dictated, controlled or affected by the whims and caprices of fashion. This applies particularly to the manufacture of clothing and the jobbing of millinery. We pass from necessities to comforts with reluctance and on to luxuries with dread. The dividing line between the classes is often very fine and very hazy, and the credit man is compelled to fix his own standards and defend them with vigor.

Production goods can be bought with safety in certain cycles of prosperity and in some lines where the methods of distribution are known. As an example of the latter take the National Conduit & Cable Co. This company sells the highest class of credit risks, manufactures its goods only on contract and its raw materials consist in large part of copper and crude rubber, both possessing a quick, active market. In times of activity in the construction of electric railways and the electrification, of existing steam roads, the notes of manufacturers of electrical machinery, whose product is specified as standard by reputable architects, can be bought with safety. In periods of declining prosperity and depression, however, the greatest care is necessary in investments depending upon the manufacture of production goods.

We are quite willing to admit that it is not always possible to select our customers from among the most desirable credit risks, but with a general knowledge of these principles, we can at least cultivate the acquaintance of those concerns who make the nearest approach to the ideal, and in the purchase of outside paper, we can exercise unlimited discretion.

Analysis of Statements.

Among the first information submitted by a prospective borrower is his statement of assets and liabilities, compiled from his books at the close of his last fiscal period, supplemented by additional information relative to sales, profits and dividends. The credit analyst in order to standardize the various systems of accounting requests the preparation of a statement on a blank form furnished for the purpose. In the case of notes purchased through brokers this is not practicable and many customers prefer to submit their figures in their own way. These may be reduced to uniformity, however, by the use of a comparative statement blank, so arranged as to show first the quick or current assets; that is, cash, notes receivable, accounts receivable, merchandise finished and unfinished and raw material, followed by fixed or capital assets such as real estate, machinery and fixtures, outside investments, prepaid expense, goodwill, patents, etc., horses, wagons and personal property and miscellaneous. With a few blank lines and a proper discrimination in combining under general headings detailed items, most any ordinary statement of resources can be reduced to this form.

Under Liabilities come notes payable in three headings: For Merchandise, Own Banks, Other Accounts; then, Open Accounts, Loans or Deposits, Accrued Wages, Taxes, etc. These generally make up quick or current liabilities and are followed by bonded debt, interest on bonded debt, and mortgages or liens on real estate. These last mentioned are properly classified as capital liabilities and when combined with the current, show the total debt, exclusive of capital, surplus and profits, and reserves and depreciation. It may be well for us to review the meaning and relation of these separate items.

Cash is a resource which should ordinarily assay about 100 cents on the dollar. As a rule it is made up of bank balances and such petty amounts as are carried in the drawer or safe for every day small expenditures. There should be eliminated all those usual "snakes" such as due bills, protested and post-dated checks, and cash items. The amount of cash on hand has a direct relation to the total liabilities as a cash reserve is quite as necessary in merchandising as in banking. A liberal balance is also a guarantee that a man is fair to his banks and can expect fair treatment in return. Statements of many open market borrowers are constantly criticised because of their small cash balances. This is particularly true when the officers of a corporation are officers or directors of a concern's depository bank and they appear to be presuming upon that connec-

tion to slide along on the smallest possible cash balance rather than to pay interest or collect more closely.

The important considerations in the analysis of Notes and Accounts Receivable are their origin, their age and their freedom from lien. As a basis of credit extension, Accounts Receivable should represent undisputed debts for merchandise sold, with no great proportion older than is consistent with the selling terms of the business under consideration, and they should be absolutely free from any pledge or lien. In this account we frequently find overdrafts of officers, or partners, advances to employees, disputed claims against customers and transportation companies, and occasionally loans made to interests outside the business. In a recent disastrous failure, out of \$250,000 in Claimed Accounts Receivable less than \$100,000 actually represented merchandise sales. The balance consisted of officers' and salesmen's overdrafts and balances, and loans to relatives, supposedly secured by an assignment of their interest in the estate of a decedent who had previously owned the business.

When the amount of the yearly sales is given they can be reduced to the monthly average and this amount compared with the receivables. If the ordinary trade terms are 30 days' net and such comparison shows more than 45 days' business on the books, inquiry should be made at once to determine if this is occasioned by unusually heavy sales in the months preceding the making of the statement or whether it is an indication of poor collecting. Much of the success of a merchandise business depends upon the proper extension of credit and the prompt collection of accounts. Every overdue account means that the amount of the creditor's capital represented therein is idle and non-income producing when it should be hard at work. In these days of keen competition and small profits capital thus idle is a serious drag. It is quite in order to request a borrowing customer to at least give the percentage of 30 day accounts, 60 day accounts and of those over 60 days. This method is more accurate and satisfactory than to attempt to determine their age by the average method just described.

The growing practice of loaning on assigned accounts, constitutes a constant menace to the banker whose advances are made on the general security of the assets, particularly those described as quick. The number of corporations organized for financing in this way is constantly increasing and the ease with which credit can be obtained is a constant temptation to the small borrower to overtrade. It has also given rise to a species of fraud which, unless promptly checked, will prove very dangerous for those who make such advances.

A New York manufacturing concern with a number of subsidiaries recently went into bankruptcy and the active official disappeared from his accustomed haunts. It soon developed that in addition to direct loans from banks he had been financing his enterprises by the sale of accounts to two large commission houses in New York City who make a specialty of cashing accounts. It is alleged that concern "A" would ship goods to "B" and pledge the invoice with the commission merchant. "B" would ship the goods to "C," make out a bill, go to the commission merchant and secure a loan on it. "C" would repeat the operation to "D" and "D" to "E" and "E" to "A" until five advances had been made on the same lot of goods. The skilled financier was later found across the Mexican border where he had gone, as he said, for his health. His illness must have had a very deteriorating effect on his memory as he was traveling under a name entirely different from the one by which he was known in New York. Pledging accounts may serve as a useful purpose with certain classes of merchants who can obtain thus funds to discount their bills when their bank credit is not sufficiently good for single name accommodation. The discounts, however, must be very substantial as the estimated cost of this method of borrowing is from seventeen to thirty-six per cent. Where it is indulged in the banking of the borrower should all be done with the institution making such advances and his financial affairs should at all times be the subject of the closest scrutiny.

Notes Receivable should be within very reasonable limits unless the trade custom countenances the closing of accounts in this way. Pianos, furniture and furnishings, agricultural implements and automobile trucks are frequently sold on long terms and notes given in payment. In analyzing statements of concerns in these lines of business, it should be borne in mind that such notes, while to a large percentage good in the long run, are very slow in liquidation. A Philadelphia installment furniture house failed within the last year, and the Trustee's experience in the collection of the leases is quite unfavorable and bears out the frequent assertion that a going concern has a distinct advantage in collecting accounts of this character. Many lumber houses have come into disrepute because of a practice of exchanging their notes in odd amounts, thus giving the appearance of legitimate merchandise transactions, to what is actually accommodation paper. This deception is easier in the lumber line because the terms are ordinarily 30 days cash or three months' note. Where Notes Receivable are known to be discounted at bank, inquiry should be made regarding the method in which the transaction is recorded on the books of the discounting concern. The one commonly accepted as correct is to carry a Notes Receivable account and a Notes Receivable Discounted account on the Assets' side and a Contingent Liability account on the Liability side of the ledger. When the notes are discounted, Notes Receivable Discounted are debited and Notes Receivable credited, Cash and Interest are debited and Contingent Liability is credited. When the note is paid the transaction is wiped out by debiting Contingent Liability and crediting Notes Receivable Discounted. In this way the exact amount of a concern's direct and contingent liability can be determined from its own statement. One trenchant criticism of a prominent eastern leather house, which is a frequent borrower in the open market, is its disinclination to make a full, frank statement to creditors, particularly in relation to its contingent liability. Much of its financing is done by discounting the notes of subsidiaries on its endorsement and as these are not included in its statement of condition, the exact status of the company is difficult to determine. The relation of subsidiaries to the parent companies is one of deep interest and it is constantly the subject of scrutiny by the credit man.

The credit man whose training has been largely along banking lines always finds himself very much at sea when he attempts to analyze a merchandise account. Where the habits of mind of the management are known to him, he can judge whether the inclination is to make a conservative appraisal or to put every last penny of value upon stock on hand. The ability of the management as merchandisers will determine for him whether there is any great percentage of old stock in the inventory and if proper allowance has been made for its depreciation. By a comparison with the average monthly sales and the consideration of the character of the business, he will estimate about how long it would take under normal conditions to liquidate the stock. This will vary from twenty days in the packing business to six months and upwards in certain lines of heavy manufacture. A Philadelphia concern otherwise good has been the subject of constant criticism because its merchandise account had equalled from forty to fifty per cent of its annual sales over a term of several years, although it was engaged in the manufacture of a staple product. It seems that this criticism has at last borne fruit as the condition has been materially corrected in recent statements. The commonly accepted inventory method is at cost if below market, or market if below cost. The size of the stock in relation to the sales is an exceedingly good test of merchandising ability. It is probably known to you that if the house of John Wanamaker anticipates sales of at least one hundred copies of a new novel, it does not order one hundred copies immediately but orders ten copies and when eight are sold, orders ten more, and so on as long as the demand continues. In this way many and varied lines can be carried in style and number sufficient to suit all customers without locking up too much capital. The character of the merchandise is oftentimes a de-

termining factor in credit analysis. Some commodities are so highly speculative in nature that they scarcely constitute a proper basis for accommodation. Others are of a character appealing to a limited clientele and therefore possess no broad or constant market. The ease with which some varieties of merchandise can be pledged as security for advances makes the banker careful to protect himself against a lien on this asset.

In a manufacturing business we have in addition to the finished merchandise, both merchandise in process and raw material. The considerations which surround these items are practically the same as discussed under the head of general merchandise. The raw material is frequently quickly salable without any substantial depreciation.

Capital Assets.

We have now discussed the resources which go to make up the general heading known as quick assets. So much stress is laid upon the proportion of quick assets to liabilities that it is quite common to make the statement that the banker does not consider the fixed assets. It may be said in passing that the banker who does not is oftentimes excluding what may later prove a very comfortable anchor to windward. The banker's first care is to secure liquid leans and in doing so, he places his chief emphasis upon the maintenance of an ample margin of quick assets over liabilities. He is generally careful, however, to see that these quick assets are bulwarked by a plant account which, while not quickly convertible, is nevertheless a substantial safeguard to his equity in the total assets. If Real Estate is subject to a mortgage he must also satisfy himself that the fixed assets are ample to care for this mortgage, for after the specific security is sold, if a balance on the mortgage remains unpaid, it is, of course, a claim against the quick assets.

These fixed or capital assets are analyzed in relation to the capital liabilities, including, of course, the stock and surplus and profits. If a concern has a great proportion of its investment in plant, it must depend upon the banks for working capital and such a position often proves embarrassing in times of financial stringency. If a comparison of statements through a series of years indicates a constantly increasing floating debt, in connection with a steady appreciation in the amount of capital assets, and such appreciation is in excess of the earnings, it is an indication that a current liability is being incurred for fixed investment.

"Machinery and Fixtures," so essential to a going business, is one of the least dependable of the assets in liquidation. If a plant can be sold as a going concern the equipment may bring some percentage of its cost, but if it is dismantled and the machinery sold, ten per cent. is about all a creditor can hope to realize. With the new discoveries and improvements in manufacturing methods, valuable equipment may become obsolete overnight. A substantial reserve or depreciation fund on the liability side of the ledger is a safeguard against eventual loss and an indication of conservative tendencies. It is an infrequent, but nevertheless an occasional occurrence, to find machinery in a statement charged down to the valuation of \$1.00. A constant subject of debate among accountants is the proper method of depreciating equipment. Modern practice seems to favor carrying machinery at its actual or cost value, with new equipment added and old machinery deducted, and repairs of course charged to expense, while the actual depreciation is accumulated on the opposite side of the ledger, as a liability. This method is conceded to be better at least for insurance purposes.

Under the heading of "Other Investments" a concern will carry stocks or bonds of its subsidiary corporations, investments which it has been prompted by patriotism to make in public enterprises, and securities which are not of a marketable nature and are dependent in a large measure upon the success of the owning business. Some companies make an actual investment of their surplus or reserve funds in listed bonds; when the character of these is known and they

are free from pledge, they sometimes constitute a desirable addition to the quick assets. As a rule, however, the item of "Other Investments" cannot be counted upon to yield much that is substantial in liquidation.

Many expenses of a business, such as interest, insurance and taxes, are payable far in advance; in most cases at least a year. It is an increasing practice to pro rate these charges through the period which they cover and to carry the unearned balance as an asset. It is rightly so considered when applied to a going concern.

Few subjects have furnished greater basis for argument than that of Good-Will. In an attempt to determine just what it is and what is its value, many hours have been spent, but they are thus far productive of little that is tangible in the way of results. It is a favorite theme of the advertising man, since in this day, next to the quality of the product and service, his work probably does more to establish good-will than any other known cause. A constant subject of controversy among this class is the statement that if a new soap could be invented as good in every respect as "Ivory" and with ample financial backing for the producing company, an expenditure of \$1,000,000 in advertising the new product would have no appreciable effect upon Ivory sales. It is generally to be noted that those concerns possessing the most tangible good-will are those who place the most conservative valuations upon it. It has been said that the fox terrier pup, "His Master's Voice," constituting the trade-mark of the Victor Phonograph Co., which has been advertised at an expense probably running into the millions, is carried on the books of the company at \$2. Those of you who are familiar with the statements of publishing companies know the heavy valuation rightly placed upon the good-will and subscription lists. If you were asked to-day to name the company possessing the most valuable assets of this kind, your minds would doubtless immediately dwell upon the Curtis Publishing Co., with the "Ladies Home Journal," the "Saturday Evening Post" and the "Country Gentleman." And yet, according to the statement filed with the Commissioner of Corporations for Massachusetts under date of November 31, 1912, this company, with a capital and surplus in excess of \$10,000,000, counted these assets at only \$1,200,000.

Notes Payable.

The remaining items which appear on the assets' side are those varying in the many statements coming under our observation, and it is therefore impossible to consider them separately.

As we have seen, notes payable are divided into three general classes, but if the desired information is obtainable, we can improve upon the submitted form by adding one more. Our statement would then read:

- Notes Payable—For Merchandise.
- Notes Payable—Own Banks.
- Notes Payable—Through Brokers.
- Notes Payable—Other Accounts.

The amount of the merchandise notes should be carefully watched. If they appear in the statement of an open market borrower, only a complete and satisfactory explanation can justify further investment. Without such an explanation they suggest that the borrower is using every available credit channel, that is, his bank lines are full, his broker has out all the paper he is willing to take, his open account creditors are loaded and as a last expedient, he is getting long time credit for merchandise by giving notes and probably paying top prices for the privilege. These are indications of over-trading and stringent times will invariably develop the disease which the symptoms prophesy. Many old time traders had a hard and fast rule to never make a purchase involving a settlement in any form other than a note. In these days of credit cooperation and the free interchange of information between banks, the constant inquiries which such a policy generate would excite suspicion and investigation.

The growth of the note broker's business is one

of the most interesting credit developments of recent years. Although the last fifteen years cover the period of his systematic operations, the gross aggregate of his annual business now runs into the billions. Mr. Roger Babson estimates that the total amount of commercial paper in the hands of the financial institutions of the country on January 7, 1911, was \$2,880,000,000, and that the amount discounted every year by national banks alone is approximately \$5,136,000,000.

The additional safeguards imposed by the investigation and supervision of a careful broker are an important element in the safety of a credit system which appears very lax to the uninitiated. The title of broker, however, is somewhat of a misnomer as the business is now conducted. It is true that at first the broker took his customer's notes out among the banks, sold them at the best rate he could obtain and when he was paid, remitted the proceeds, less his one-quarter of one per cent. commission to the borrower. In those days he was strictly a broker. Today his functions are a cross between those of a banker and of a warehouseman. He will in many cases buy the notes of his customer outright at a fixed rate plus his commission. In such cases, he must sell the notes for the same or a better rate or carry them to maturity unless he wishes to take a loss. When the market does not justify a purchase or the rates do not satisfy the borrower, the broker makes an advance of say eighty per cent. of the face of the notes to the borrower and settles for the balance less discount and commission when the paper is finally sold. In following this method he is bound to account to his customer at the actually selling rate of the notes, deriving his compensation from the commission, although charging interest on the advances.

His business is essentially a cash one, although notes may be sold under an option which permits their return within a stipulated time, rarely exceeding two weeks, if the results of the investigation are unsatisfactory. The bank, however, pays for the note on delivery and thus receives interest while it is held. If the market is at all active and the supply of paper is limited, the broker's own capital is sufficient for his needs, but as demands increase out of proportion to the supply of credit, the broker depends on his depository banks to help him carry the load. He does this by borrowing on the collateral of his bought notes with the customary margin. As the paper he has deposited is sold, other notes are substituted and the collateral is thus constantly changing. It is his ordinary preference to borrow on time rather than call, as his demand obligations, represented by his clients' right to call on him for accommodation, are quite sufficient without the assumption of still others.

The modern broker's organization is highly developed. It is roughly divided into executive, purchasing, credit and selling departments. So far as the speaker knows, all the well-known brokerage houses are conducted by firms and none have attempted to evade personal liability by incorporation. The executive management, therefore, rests with the members of the firm. The purchasing or new business department is constantly on the search for new accounts either by developing open market borrowers among the houses theretofore dependent on banks or by enticing a competitor's clients into his own fold. This has developed a competition which is a constant element of danger in our credit system.

The ability to float an unsecured promise to pay in any financial market in the United States should be a mark of distinction not lightly accorded to every Tom, Dick and Harry willing to pay a brokerage commission. It should represent a substantial capital investment large enough to put the borrower beyond danger from any ordinary stringency; it should stand for years of fair dealing and conservative management through the buffeting of panic, the slowness of depression and the manifold temptations of prosperity. The wise banker building for the future seeks the business of young and growing concerns with good prospects, nurses them through infancy with all its ailments, guides their young feet along the myriad

paths of finance and brings them out onto the high road toward assured success. His years of care are rewarded by the possession of a client who could not be torn away with a cold chisel. He is then glad to see the account in the hands of a reputable broker with whom co-operation is easy and pleasant. This competition, however, continually drives brokers after accounts which have no business in the open market and complicates the situation by introducing avoidable difficulties into the work of the credit man.

In seeking his competitors' accounts the broker seems to lay great stress on rates rather than on service and there is thus developed that class of names which appear to-day with one house and to-morrow with another. Keep in mind these borrowers who are making their credit a football in the market and beware of them in times of stress. There is no sentiment in business, but appreciation of service is cold-blooded horse sense with more than money value. The borrower who can be tempted away by a difference of a quarter or a half of one per cent. in the rate does not excite even in the successful bidder that loyalty which provides for his needs and protects his credit in good times and bad.

The broker's credit department is broader gauged than that of the bank, for it knows just what elements of risk it can accept with reasonable safety. Driven on by competition it is constantly taking accounts which a banker's strict rules exclude. The co-operation of the sales department furnishes it with the knowledge of the market for such risks.

It is this sales department which must excite our admiration. Efficient brokerage houses to-day have offices in Boston, New York, Philadelphia, Chicago, St. Louis and on the Pacific Coast. A trained selling force is maintained at each office to cover intervening territory. From Philadelphia salesmen work south to Richmond which marks the limit of excess funds for outside investment. They invade New Jersey until they reach the borders of the New York office zone. Out through the prosperous Lancaster Valley they move and on to Pittsburgh where paper has only been bought for a little more than two years.

In this way the broker exercises his highest function of affording greater seasonal borrowing facilities than are furnished by local banks. Like a vast pipe line system he transfers credit from communities where there is an abundance to those where there is need, thus tending to equalize rates. His position is in a measure analogous to that of the fire underwriter's in that he distributes the risks in small amounts among many creditors so that possible losses fall with less severity on any one. The value of these services is best proven by the extent to which reputable concerns have availed themselves of it.

In a collaboration on "Commercial Paper" Messrs. Babson and May have this to say about the future of the note broker: "As this country grows older and richer, and as business becomes more conservative and not forced to such a breakneck speed to keep pace with the opportunities which are constantly being opened, the need of note brokers will change. There will be fewer of them probably, and those few will be the ones with the largest capital. They will be required to buy their paper with the greatest care and if not as in England, to endorse it, they will assume more the position of the English, French and German banks, which accept paper for a commission and then let it go on to some other lender, than they do to-day."

Returning now to "Notes Payable, Own Banks," this item should be confirmed by consultation with the other banks having the account. If "Notes Payable Through Brokers" is full, the bank lines should be partly open in order that the borrower may have something to fall back on in an emergency.

The prices of goods in this country generally include a certain amount of interest to cover the expected time the debtor will take to pay. This expected time constitutes the net terms in any business. As a premium on prompt payment it is customary to give a certain percentage discount for settlement within a stipulated period. By taking ad-

vantage of these discounts it is possible for a merchant to realize from ten to thirty per cent. per annum in addition to receiving better prices and more prompt deliveries. The highest use to which bank credit can be put is to borrow money at the market rate in order to discount bills for merchandise. The notes thus discounted have a usance slightly in excess of the time necessary to convert the merchandise into cash and meet the notes at maturity. One of the theories of open market borrowing is that the money obtained will be thus used and in lines where the discounts are advantageous, the failure to make them is sufficient excuse to decline further offerings of the careless merchant's paper.

A comparison of the open accounts with the average monthly sales and the merchandise on hand should determine whether these accounts are being paid within the discount period of the particular trade under consideration. This knowledge is further supplemented by investigations among the leading houses selling the risk.

It is frequently a custom among employees and friends of the business to deposit their savings with a concern at a stipulated rate of interest, and the officers or partners leave dividends or salaries to their credit instead of drawing them. Such liabilities appear under the general classification of loans or deposits. As a general thing, the amount is not sufficiently large to have any effect on the business, but it must be remembered that such depositors have an inside knowledge of affairs and would be the first to withdraw their funds in the event of trouble. If the amount constitutes any great proportion of the liabilities it should be carefully watched. It is often a better practice for a corporation to issue preferred stock in such cases, rather than to carry the funds in loans or open accounts. This liability may be nullified as far as the note holders are concerned by having the individual endorsement of depositing officers on the paper.

The chief concern with a bonded debt is that its maturity is well beyond the life of the paper, unless definite plans have been made for funding it, and that the fixed assets are sufficient to protect the issue without recourse to the quick assets. Inquiry should also be made regarding the lien of the mortgage to make sure that it does not cover the quick assets. If a deed of trust contains provisions which mature the bonds on the violation of certain restrictions, the result may be disastrous to note holders. Broadly speaking most corporations which are large enough to have a bonded debt should arrange to fund the floating liability and not be dependent upon the banks for their accommodation.

Assets and Liabilities.

As we have considered the important items under liabilities, we may now set off the fixed debts against the assets of a like class and devote our attention to the quick liabilities with which we are mostly concerned. We first note their relation to the quick assets, expecting to find as a general rule \$2 of the latter for each \$1 of debt. With the more staple lines this proportion grows less and with the less staple, is greater. Packing house statements frequently do not show more than \$1.50. Wholesale grocery, dry goods and hardware lines ordinarily show \$1.75, but a good general rule is two for one, always bearing in mind the nature of the business. There are two reasons for expecting this large margin. One is that the business should be sufficiently capitalized to enable it to reduce its assets to a point where it can pay off all indebtedness and still have sufficient working capital to continue business even on a restricted basis. The other is that the banker expects his loan to be paid without the necessity of waiting until the fixed assets can be disposed of to advantage. Accounts invariably realize less than their face value because of collection charges and the percentage of bad debts, while merchandise, if liquidated at a forced sale, must be sold at bargain prices to attract purchasers. Quick assets, therefore, are bound to depreciate to a certain extent and the margin should be sufficient to assure the payment of the liabilities,

without having recourse to the plant. The second consideration is that the cash and receivables should approximate the debt. Even merchandise cannot always be quickly moved, but Receivables should furnish a stated income as they are gradually paid, and the banker feels more comfortable when their total taken with the cash will approximate the debt, leaving merchandise equal to the liabilities to make up for any bad accounts or expense of collection. The third consideration of total liabilities is the relation to the capital invested. It is hardly fair to expect creditors to risk more in the business than the owners and the total debts should therefore rarely exceed the net worth or capital investment.

Almost the only excuse a business has for existence is the making of profits and if the surplus figures do not show consistent gains, there is something radically wrong and the cause should be ascertained and the condition corrected. Frequently all the earnings are paid out in dividends. It is unnecessary to remind banking men, who have been brought up on the theory of the creation of a substantial surplus, of the dangers of such a practice.

The supplementary figures furnished with the statement relate to the sales, profits and dividends. We have already noted how the average monthly sales can be compared to advantage with Accounts Receivable, Merchandise and Accounts Payable. One more important consideration is the relation of the annual sales to the net capital. Overtrading may be detected by the comparison of the number of times the capital is turned in the course of a year in the business under analysis, with the same figures for other well conducted houses in this line in the same locality. The conclusion can, of course, be proven by the other signs of overtrading previously mentioned. A tendency to do all the business that his own capital and credit will permit is one of the faults of the American business man. His hardest lesson is to learn that there is a definite relation between the amount of his capital and the amount of business which he can do. Any man of long experience in credit work will bear me out in the statement that the necessity for post-mortems arises more frequently from this than from any other single cause.

The second channel of credit information previously mentioned is that afforded by the knowledge gained in consulting the houses in the trade which sell the risk under consideration. Cancelled checks afford an excellent record of the customer's merchandise creditors and when discretion is used in consulting with them, together with a willingness to give as much as one receives, much of value can be learned. It is interesting, too, to talk with competitors and find out how your customer ranks among them. Due allowance must be made for trade jealousies in accepting the opinions, but valuable trails of information are often uncovered in this way.

Exchange of Information.

The growing tendency among bankers to exchange information freely and frankly makes the third channel of credit information more valuable year by year. There are, of course, many bankers who do not understand the value of such relations, and who are prone to write very wooden letters and to always speak well of customers, and to know nothing about the concerns which do not deal with them. Their number, however, is constantly decreasing, while frankness and cordiality are so much on the increase that the credit man's path is losing many of its thorns.

We have put the reports of the mercantile agencies fourth on our list. As a general rule a banker knows more about his customers than the mercantile agencies do or can. Facts of record, however, such as assessments, mortgages, suits and judgments are frequently obtained with greater ease through this channel than through any other. In considering risks where the personal element is unknown the agency reports supply excellent history and suggest to the careful reader different clues which may be followed with interest. One may buy a note from a

banker, receive his full information, consult banks and trade houses without developing other than favorable replies. On reading the mercantile reports it oftentimes appears that the partners are interested in various enterprises and this suggests the possibility of contingent liabilities and endorsements by the partners. It may appear that the business has failed or has had a number of mysterious fires or that there are other incidents in its history which are worth investigation before the note is finally accepted as a desirable risk. Considering the number of names which they handle and the prices charged for the service, one can do scarcely less than commend the chief agencies for the manner in which they have covered the vast territory to which they have set their hands.

The fifth and last channel of credit information we have denominated as miscellaneous in order that it may include as a sort of residuary legatee everything which we have not heretofore covered. It is almost impossible to enumerate the number of places where credit data can be found. The credit man is generally an assiduous reader of the newspapers. His particular attention is devoted to the court news and the record of mortgages and judgments, but his trained eye will invariably go up and down every column of a reliable daily in search of news items regarding the countless names in his files. He does not even scorn the social column, particularly if his bump of humor is well developed, for there is something particularly amusing in finding among the names of the great and near great the record of a social event fathered by a man whose name is in any number of banks as a delinquent debtor. Conversation and observation both contribute to the mass of material going into the files to form the basis of future opinions.

Strange as it may seem, we have devoted the major portion of our evening to the consideration of only one of the three elements involved in credit transactions, that is, capital. I have purposely left until the last the other two equally important but more intangible elements of honesty and ability. Without them no man constitutes a desirable credit risk. We may vary our relation of quick assets to liabilities, we may overlook a disproportion between business and capital, we may break with seeming impunity almost any rule thus far laid down in credit extension, but we can never with safety credit a man unless he possesses bed rock honesty and ordinary business prudence. This is neither the time nor the place for me to lay down any rules of conduct or to formulate moral criterions for any one. If you aspire to the credit department of a modern institution, you must learn to judge these qualities for yourself.

Joseph French Johnson, Dean of the New York University School of Commerce, Accounts and Finance, has analyzed the science of the credit man. He says it involves the science of psychology, economics, sociology and finance. Of these, psychology, because it treats of the human in man, is doubtless the most interesting, and it is because the chief elements of credit depend on world-old human nature, which is indefinable, unexplainable, limitless in its variations and absolutely beyond reliable prophecy that the work of the credit department is all-absorbing, ever interesting and always endless.

THE PROBLEM OF THE SMALL CHECKING ACCOUNT.

By Frank C. Mortimer, Cashier of the First National Bank, Berkeley, Cal.—Address Delivered before San Francisco Chapter of the American Institute of Banking.

PERPLEXITIES seem to confront the banker from year to year, increasing in number and variety. Politics, finance, commerce and economic conditions in general have shown marked changes. Developments have been rapid and almost curious in their succession. The banker no longer pursues the even tenor of his ways. Competition has brought anxiety and cares upon him. Events have tried the nerves of those upon whose shoulders rests the re-

sponsibility of building up the totals, and it is now no small undertaking to show substantial figures in black at the credit of the profit and loss account. When one takes into consideration the risk involved, the capital invested, and the double liability attached to stockholders in national banks, the profit from an investment in bank stock is small, indeed, when compared to the profit accruing from other lines of business. A substantial increase in the cost of handling the details of the banking business is met with no other consolation than an increase in taxes. Prominent among the many present-day problems is that of the small checking account. How to extend the checking service to all persons who request this facility and at the same time show reasonable profits on the transactions is a problem to which many a bank officer has sought an answer in vain.

Banks Are Freely Used.

This is an age of bank-using people. They are responding effectively to our ad-writers' invitation to pay all bills by check and to open an account, however small. It is now a prevailing custom among many large banks to open accounts with initial deposits of one hundred dollars. Not so very many years ago the minimum amount was five hundred. Times have changed. A man or woman without a check book has no standing in our business world today. Many merchants prefer that payment shall be made to them by check, and they encourage this form of settlement. Telephone, electric light, and water companies invite settlement monthly in the same manner. Construction companies and railroads pay by check and the public is now quite familiar with the checking function of banking. The small checking account has thus become popular. Facilities must be provided to meet the changed conditions and the small account should be accepted with the other changes that have come upon us in rapid succession. Banks in every city have invited this class of business, not with the idea of making an immediate profit from it, but rather to prevent other banks from getting what may some day develop into a good account. And so the good-sized initial deposit has become a thing of the past, and commercial accounts are often opened for fifty dollars down and fifteen dollars a week. If those banks which have been so aggressive after the very small commercial business could get enough of it there would be no alternative but for them to retire from business at a loss, or continue to maintain a bureau for the distribution of lithographed stationery and morocco leather goods.

Small Accounts Kept Separate.

The small checking account is here to stay. It is now a part of our financial household and we might just as well live with it in peace and harmony. Just how to handle this class of business at a minimum cost is the problem with which we are confronted. The small average balances do not warrant expensive stationery and high class office help. Nevertheless, a high standard of efficiency in banking service must be maintained. The cost of handling the small personal account, against which many small checks are regularly drawn, is just as great as the cost of keeping the larger and more satisfactory one. A plan has been suggested which contemplates the use of a separate ledger and distinctive checks. The accounts are run by number as well as by name and the ledger is kept by a junior bookkeeper. Endorsements on checks under twenty-five dollars are disregarded, and short-cut methods are practised in other details. This system recommends itself for the principal reason that it allows expert service to be given the accounts involving transactions in large amounts and reduces the chances of loss through error. The small accounts, being kept separate, permit close attention to valuable accounts and relegates the work of looking after the little ones to bookkeepers or tellers of limited experience.

The Statement System.

The system which is herein described has been successfully used for the past six years by a Western

bank in a city of 45,000 people. A good portion of the 5,300 accounts on this bank's individual ledgers are small, with average balances running below \$200. Checking accounts are opened with customers for as small an amount as fifty dollars. It is understood between bank and depositor that the daily balance shall not run below fifty dollars. In other words, it is required that fifty dollars shall be kept in bank at all times. This rule is frequently broken by the customer and cannot be strictly enforced. It serves, however, as a figure to which he is expected to hold. The bookkeepers carry an average of 800 accounts each. The Boston ledger is used in connection with a system of statements. All balances are extended and proved twice a week. Bookkeeper No. 1 posts checks daily for bookkeeper No. 2 on the statement envelope by an independent calculation, checking the result against the extended balance in the Boston ledger. Checks are filed in statement envelopes, kept in cabinets, where they are ready for immediate delivery to customers. A form of receipt is used, which lasts for two years. It is printed on substantial paper and both sides are utilized. When statement is received for by depositor this receipt is handed to the bookkeeper and indicates that a new statement is to be started. The statement envelope contains the following suggestion to customers for reconciling their accounts with the banks:

How to Balance Your Account with the Bank.

1. Inspect and examine returned canceled checks.
2. Compare checks with stubs of your check book.
3. List checks you have drawn which have not been paid by bank.
4. Subtract amount of these checks from bank's balance.
5. Result should agree with balance shown on your own check book.

Always allow for outstanding checks and deposits in mail. About the 25th of each month all checks are counted, inspected and made ready for delivery on the first of the month, at which time a large number of customers usually call for their statements.

This system may be criticised, and with good reason, for its apparent looseness. There is lacking that clear-cut settlement between customer and bank, which is the case when pass-books are ruled up and balanced. It is not claimed for this plan that it is effective for handling the business of large mercantile firms whose general practice is to balance books at the close of each month.

On the other hand, there are many things to be said in favor of the system in connection with the handling of small checking accounts:

- (A) Pass-book lasts twice as long by using both sides of leaves for deposits.
- (B) Saves cost of monthly receipt slips, one slip for such purpose lasting about two years.
- (C) Eliminates the cost of help in filing checks in check files, the filing of checks being done by the bookkeeper, who posts checks on outside of statement envelope.
- (D) Economizes time in dealing with customer's request for balanced account, one transaction only being necessary.
- (E) Does away with the balancing pass-books, and the night work usually necessary at the close of each month.
- (F) Saves the expense of at least one clerk's time over the old cash-book system.
- (G) Checks are seldom lost or mislaid—usually a matter of annoyance under other systems.

Weighing the advantages against the disadvantages, it can be seen that the plan is practical and economical for the bank and entirely satisfactory to the small depositor. The fact that this system has been used successfully for a sufficient time to prove its advantages over the old plan of handling the small account, has earned for it the right of a trial by bankers who are confronted with the present-day banking problem of the small checking account.

Outfitting the Small Depositor.

For some reason unknown to the banker, the depositor with the smallest balance always requests the most expensive book. Leather-covered check books are expensive and an outfit costing from twenty to thirty cents is an item of no small expense when purchased by the thousand for use of transient customers whose total deposits do not earn half their cost. This part of the problem is partly solved, through the purchase of a check-book cover and

pass-book at nominal cost, for use when these small accounts are opened. They are also given out when a depositor asks for additional check-book covers for other members of the family. These leather check-book covers ordinarily cost about sixteen cents each. A ladies' size pass-book may be bought for about three cents and check pads for use in these covers are ordinarily obtainable at about two or three cents. The imitation leather outfit serves the purpose very well. The cover is a neat, black, glossy cloth affair, and costs five cents in lots of 5,000. The pass-book has a linen cover and the checks are the same as those used in the more costly covers. The cost, altogether, is just ten cents in lots of 5,000. The luxury of a genuine leather check cover, costing from sixteen to thirty cents each, is reserved for the depositor whose account warrants the presentation of the more expensive article. The imitation case is given away only when the account does not warrant the expense of the genuine. It was some time before the cheaper article had a place in the new account department, as the bank's policy is to provide the best. The expense account, however, is a powerful argument and the constantly growing expense for these genuine leather cases warranted the purchase of the cheaper article. It is not an inferior outfit by any means, and it serves the purpose very well indeed.

Charging on Small Accounts.

Many banks in the larger cities have adopted the plan of making a charge to those depositors who wish to carry checking accounts against nominal balances. The average runs from fifty cents to \$2 a month. In an Eastern city, as a result of careful inquiry into the cost of handling accounts, a number of the banks have decided upon a definite policy of charging for the checking service when compensating balances are not maintained. The prevailing opinion there seems to be that an account running below \$200 on the average daily balance, is an account carried at a loss to the bank. A dollar a month is a prevailing charge among many of the banks there under the existing tentative agreement. One of the officials of a large trust company in the East reports that the arrangement appears to be working out satisfactorily. When the small depositor is acquainted with the circumstances, the reasonableness of the bank's position is said to be readily admitted and the charge is accepted without serious objection. In this instance more than 2,000 accounts were affected, and the loss in number of accounts was negligible. Probably no banks are so severely put to the test of exercising patience in dealing with the small checking account as the banks located in, or adjacent to, the large universities in this country. Students' accounts are rarely handled at a profit. In the first place, they are temporary and the balances are uniformly small. The items offered for deposit are usually drawn upon a city or town where exchange is charged for remittance in settlement. The initial deposit is frequently reduced immediately in payment of tuition fees and other expenses. Several months ago I addressed a series of questions to banks in many cities, with the purpose in view of getting a comprehensive idea of the manner in which small checking accounts are handled. At one place in an Eastern city the banks require average balances of \$100 to \$200. Some of them charge two dollars per month for handling, and others five dollars per year. No charge is made for exchange, and check books are furnished free. One bank reports that a charge of ten dollars per year will be made for the reason that the small accounts are unsatisfactory. In another city accounts are opened for \$100. The small business is reported unsatisfactory and a charge is contemplated. At other places one may open a small account, and an average balance of fifty dollars is permitted. Another bank reports that a separate ledger is maintained, and that a charge of ten cents for each check book is contemplated. Banks in a city in New York State report that accounts may be opened with fifty dollars or more, and a charge of one dollar for each check book is exacted by the bank. This partly compensates for the cost of handling the small checks always drawn against such accounts. A special

check is used, and an agreement is made with the depositor as follows: "In order to guard against forgery, mistakes or fraud, it is mutually agreed that all checks drawn against my account in the National Bank shall be on the standard form furnished by said bank, having the words 'SPECIAL CHECK ACCOUNT, No....' printed thereon, and said bank is forbidden to pay or honor any checks drawn by me against my account except those drawn on the standard form."

Accounts are designated by number and the check form used is as follows:

Special Check Account, No.....
 National Bank.....
 Pay to the order of..... \$.....
 Dollars

At a city in Michigan, twenty-five cents per month is charged in the event that balances run under fifty dollars, and out-of-town checks are taken for collection only. At banks in a Wisconsin city, \$100 is required to open an account, with no other restrictions. At many other places, particularly in the West, small checking accounts are freely accepted, competition having thrown the doors open to accounts of any size. At a university city in California, it is not the custom to discriminate against the student business. At this university and residential city many small checking accounts are necessarily carried with students and householders. There is not very much difference between the two classes of business. The prevailing custom there is to open checking accounts with fifty dollars or more and no exchange is charged, except in a few cases, and no charge is made for check books.

Offsetting Charges.

There are several valid objections to an arbitrary charge for carrying a checking account with a small average balance. Frequently a feeling of resentment arises in the mind of the customer, especially when he believes the bank across the street will welcome his account. Has he not seen the advertisement in the papers inviting accounts, either large or small? Whether or not he moves his account he is not inclined to introduce his friends to the bank that charges him for keeping his funds and paying his checks. I am reminded of the ingenuous plan of an assistant cashier of a Southern California trust company. It appears that when a small account is offered to start a checking account the prospective depositor is informed of the minimum amount required. If he appears to be a man of good appearance, a lodge member, or one likely to have a large acquaintance, the account is opened with the understanding that the bank will bear the expense of carrying it, providing the new depositor uses his active efforts in bringing in new customers. This trust company has shown remarkable growth within a short time, and it is possible that this plan is a contributing factor in the increase of deposits. The majority of small depositors do not realize that it costs money to carry their accounts. They accept the service as a matter of fact, and that an analysis by the cost account expert shows a loss of three dollars a month, or more, is usually a surprise to them. While it is impractical in many cases and in many communities to make a direct charge for this class of service, because of competition, the bank is in a position to partially recover the expense by means of a charge on out-of-town checks sufficiently large to recover not only exchange but interest while collection is in transit.

Small Accounts are Stable.

There are several points in favor of the little account which must not be overlooked in our zeal to show a gain on every transaction. In time of financial stress, when money is tight and demands are frequent and persistent, the small depositor can usually be relied upon to keep his balance fairly even. Such depositors are not in a position to draw out large amounts, without notice, for the very simple reason that they have only small balances to draw upon. As the liability of the bank is distributed among many small creditors, the chances are that the demands will be limited and scattered and thus least affected in times of stringency.



INSTITUTE CHAPTERGRAMS

Chaptergrams must be received by the Educational Director of the Institute not later than the 28th of the month preceding publication.

INSTITUTE CONVENTION.

Final Arrangements for the Great Event at Richmond—Report of the Program Committee, Composed of H. V. Haynes, of Washington; R. H. Bean, of Boston, and George H. Keesee, of Richmond.

AFTER several months of serious thought and work the program is here presented by the committee. Being mindful of the fact that preceding conventions have been such as to establish a standard hard to equal and very difficult to surpass, the Program Committee realized that its task was no easy one. However, with cheerful assistance from men of the caliber of O. Howard Wolfe and Fred. W. Ellsworth, who have respectively undertaken the leadership of the two symposiums, the burden of responsibility was greatly lightened.

A perusal of the program which follows will show that the Committee has confined it largely to Institute men. Of course, it is proper that we should have the opportunity to hear men of broad gauge who are well versed in timely topics in which we may be interested, but in view of the rapid and thorough development of many Institute men it was deemed right if not mandatory that more of our own men be recognized.

Senator Burton is deeply interested in the work of the Institute, and the time allotted him will be used in a careful and painstaking analysis of the currency problem and the legislation now pending relative to it. The Committee feels that it was most fortunate in receiving the Senator's acceptance.

It may be that we shall also have Secretary of State William Jennings Bryan for the afternoon session of September 18, but owing to the Mexican situation the Secretary will not be able to say definitely that he can come until about shortly prior to the date of the convention.

The Program Committee feels that it can give every assurance of a successful, interesting and enjoyable convention, and now awaits the verdict.

The delegates will arrive on Tuesday evening, September 16, 1913, the majority on a special train leaving Washington, D. C., at 7.30 p. m., reaching Richmond about 10.30 p. m.

A meeting of the Executive Council of the Institute will be held at the Hotel Jefferson at 9.30 p. m.

Wednesday Morning, September 17.

Delegates will register at the Institute Registration booth, which will be located in the main lobby of the Hotel Jefferson. Special facilities will be provided to expedite this work. This should be the first duty of each delegate.

FIRST SESSION—9.30 O'CLOCK.

President Byron W. Moser, presiding.

Invocation—Rev. H. D. C. Maclachlan, Pastor of Seventh Street Christian Church.

Address of Welcome—His Excellency, the Governor of Virginia, William Hodges Mann.
Address of Welcome—Hon. George Ainslie, Mayor of Richmond.

Greetings from the American Bankers Association—Col. Fred. E. Farnsworth, General Secretary, American Bankers Association.

Responses by Fred. A. Crandall, Chairman of the Executive Council of the A. I. B.

Annual address of President of the Institute—Byron W. Moser, Publicity Manager, St. Louis Union Trust Company.

Report of the Chairman of the Institute Executive Council—Fred. A. Crandall, Vice-President, National City Bank of Chicago.

Report of the Secretary—H. S. Small, with Continental and Commercial National Bank of Chicago.

Report of the Treasurer—I. L. Bourgeois, with Hibernia Bank and Trust Company of New Orleans. Adjournment.

Thursday Morning, September 18.

SECOND SESSION—9.30 O'CLOCK.

Harry W. Haynes, Vice-President, American Institute of Banking, presiding.

Invocation—The Right Rev. D. J. O'Connell, Bishop of Richmond.

Address—"The Pending Currency Legislation," Hon. Theodore Burton, United States Senator from Ohio.

Symposium—"Bank Advertising and Business Building," under the direction of Fred. W. Ellsworth, Publicity Manager of the Guaranty Trust Company of New York.

Adjournment.

Thursday Afternoon, September 18.

THIRD SESSION—2.30 O'CLOCK.

George H. Keesee, Member of Program Committee, presiding.

Address by either the Secretary of State of the United States or the Attorney General-elect of the State of Virginia.

Inter-City Debate—Chicago Chapter vs. Pittsburgh Chapter: Question—"Resolved, That the so-called Blue Sky legislation would be for the best interests of the people of the United States."

Adjournment.

Friday Morning, September 19.

FOURTH SESSION—9.30 O'CLOCK.

Robert H. Bean, Member of Program Committee, presiding.

Invocation—Rev. James Y. Fair, Pastor of the Westminster Presbyterian Church.

Symposium—"Clearing Houses and the extension of their functions," under the direction of O. Howard Wolfe, of New York Chapter.

Adjournment.

Friday Afternoon, September 19.

FIFTH SESSION—2.30 O'CLOCK.

President Byron W. Moser, presiding.

Invocation—Rev. James Y. Fair, Pastor of the Westminster Presbyterian Church.

Reports of committees.

Election of officers.

Choosing of convention city.

Adjournment sine die.

INSTITUTE POLITICS.

By Thomas Rogers.

THE indications are that at the coming Richmond convention Institute politics will again be conspicuous. Those who favor politics are prone to say that the red blood of youth will always be manifested. This is true, but the conclusion is not logical that red blood must of necessity flow in riotous channels. Red blood can get as much satis-

faction when it flows along the River of Education to the Ocean of Success as when it becomes inflamed in the cesspool of politics. Several years ago there appeared in the BULLETIN an article by Alfred M. Barrett, of New York, suggesting that Institute officers be chosen on the basis of educational acquirements. The following extract from Mr. Barrett's article may not be out of place at the present time:

"In every organization where the ballot decides, we will find political leaders. Some one in the natural course of events must take the initiative in all movements, and the one that takes an active part in the selection of candidates is usually spoken of as 'in politics.' If endeavoring to enlist in the service of the Institute men of ability to govern its affairs is to be called politics, then we certainly have politicians in our ranks; for I have, during the existence of our organization, come in contact at our conventions with several men, who, if we are to take as a standard 'desire to secure good men for official positions,' must be known under that definition. The officers of the Institute since its organization have been men of ability, who have given good service, who have done honor to the Institute, and reflected credit to themselves. They were selected by the votes of the delegates, because that was, and is, the system in vogue; but why continue a system that depends on manipulation—or good fellowship? WHY NOT SET AS A REQUIREMENT TO ELIGIBILITY FOR THE OFFICE OF PRESIDENT AND VICE-PRESIDENT AN EDUCATIONAL STANDARD?"

"In the early days the ballot was the only means at hand by which the Institute could decide as to who should hold official positions, but to-day it is a different position that we are placed in. We have grown. We are recognized as a great educational institution. WHY NOT STAND ON THAT PLATFORM AND REQUIRE EDUCATIONAL WORK AS A REQUISITE FOR INSTITUTE HONORS?"

"I believe that the time is not far off when this should be brought about, and if the opportunity is given me to vote on this question I will be glad to do so. As the Institute stands for education only, why should not its higher offices go as a reward of merit, so that every member, whether in a country bank or city chapter, can by hard and intelligent efforts claim that the highest office in the gift of the Institute is within his reach? But how could this be done? What would be the requirements? Who would decide?"

"The office of president is not political—it should be educational—and therefore, a man with educational ability is required. The principal duty of the president is to direct an educational policy. Therefore, the individual who could meet an educational requirement ought to be acceptable. Then why not make that requirement a paper on some financial question of the day? Have the papers sent to a committee of bankers who would judge them and decide on their merits. AND THE FIRST PRIZE BE THE OFFICE OF PRESIDENT AND SECOND PRIZE THE OFFICE OF VICE-PRESIDENT. Then all the members of the Institute could strive for the honors. Then we would hear no more talk of so-called Institute politics, and we would be on a platform of education and education only."

ALBANY.

By H. J. Hotaling.

ON to Richmond" is the slogan in Albany Chapter, and the convention is the chief topic of interest among the members. The full quota of six delegates to which the chapter is entitled are making arrangements for the trip. The official delegates, elected at the last open meeting in May, are as follows: Samuel Applebaum, National Commercial Bank; Harry W. Reynders, National Commercial Bank; John Trowbridge, Mechanics' & Farmers' Bank; John C. O'Byrne, First National Bank; George E. Wilkinson, First National Bank; Oscar A. Meyer, New York State National Bank.

Our educational committee is hard at work outlining the study course for the coming winter, and are negotiating with two or three members of high standing in the New York State Bar Association, and hope

to secure one of them as our instructor in the law course which the study class expects to take up next month. Our membership is steadily increasing, and all members are showing enthusiasm for the chapter work and welfare.

BALTIMORE.

By H. Clarke Jones.

ALL in Baltimore are waiting the time to go to Richmond to the convention. We are all going together, and we are going to have a good and profitable time. Our courses of study will start the first part of October, and we are expecting a banner year in this end. Our classes were larger last year than ever before. Consequently we are expecting this to be another banner year. Our various committees are starting to work, and Baltimore Chapter will soon be in full swing for the work laid before us.

BOSTON.

By F. T. Olmstead.

BOSTON Chapter is pleased to announce an important step in its progress. The Board of Governors has leased a room for chapter headquarters at 37 Central Street, near the center of the financial district. The room is a large and airy one with plenty of light, in a new building, and when properly furnished will provide an office for the president with a library and reading room; its seating capacity is such that we shall be able to hold there all of our lectures, committee meetings, etc. The chapter nights, however, will continue to be held at the Boston City Club. Boston Chapter has long felt the need of accommodations of this sort, but until this year, such a move has not been deemed advisable.

Our publicity committee is anxious to correspond with any and all of the other chapters with a view to exchanging year books, official publications, or any sort of publicity matter which may be issued from time to time. The monthly papers of the various chapters are especially desired for use in our library. Kindly address Frank T. Olmstead, chairman of the above committee, and your name will be put on our mailing list.

While our plans for the educational work are not wholly completed, we are able to make the following preliminary announcement for the coming season: Prof. O. M. W. Sprague of the Harvard Graduate School, will deliver a course of eighteen lectures on "Banking and Finance." This is the regular course leading to an Institute credit, and follows the plan laid out by the Institute, and we are very fortunate in securing such an authority as Professor Sprague to give it. In the Post Graduate Forum, Charles C. Batchelder, a prominent student of economics, has consented to talk on a variety of subjects, among which a choice has not yet been made. Six lectures on "Credits" and four on "Business Administration" will be given by Boston business men who are authorities in their respective lines. We have also in preparation about six talks on such subjects as the proposed currency bill, the income tax bill, co-operative banks, savings banks, insurance, etc.

Supplementing the above strictly educational features, the meetings committee has arranged for a continuance of the chapter nights at the Boston City Club. These are preceded by an informal dinner and have become exceedingly popular. The dates follow: October 17th, Convention Night; November 21st, Latin-American Night; January 9, Press Night; February 13th, Annual Dinner; March 20th, Institute Night; April 24th, "The Call of the Wild."

CHICAGO.

By Ralph Huntington.

SEPTEMBER Ninth, "Booster Night," to which all the bank men of Chicago received invitations. finds Chicago Chapter entering upon its most successful season, offering to its record-breaking membership of Chicago's liveliest bank men educa-

tional and social features for which we are deeply indebted to our officers and committees for their painstaking and unselfish efforts to supply absolutely the best. New quarters have been secured in the Northwestern University building, and have been tastefully fitted up to furnish a real home for Chicago Chapter, with a lounging room, combination library and study, class rooms and assembly room for lectures and general meetings.

The educational feature has been given considerable attention this year, and the courses offered the members are a great credit to the zeal and thoroughness of those in charge of this important branch of chapter activities. James I. Ennis has again consented to give his extremely interesting and beneficial course on "Negotiable Instruments," in which subject Mr. Ennis is considered one of the very best as he combines with his wide knowledge of the law, as written and practised, a daily "bread earning" intimacy which is of wonderful benefit to the student. Professor Howard of the Northwestern University will conduct the classes in "Banking and Finance," and a great increase is expected in the number of students of this subject, as Professor Howard is an authority. Prof. R. E. P. Kline, of the Columbia College of Expression, will again conduct the class in "public speaking." It was due to the hard work of Professor Kline that Chicago Chapter carried off the honors in last year's debates. George Rosseter, C. P. A., has been secured to give a course on "Elementary Accounting," which should prove beneficial to each chapter member in his daily work.

The Debating Society is open to all members, and furnishes exciting and interesting debates both locally and in competition with other chapters. The Forum is for the Institute graduates and older bank men, and conducts researches and debates into the deeper banking subjects. It has been decided to hold one general meeting each month, at which men of national repute have consented to give speeches or rather talks on banking and other subjects in which they are naturally expert. Each meeting will be enlivened also by entertainment both professional and amateur, and there are a large number of the latter in Chicago Chapter who could easily become the former.

Several chapter dances are to be given this winter, and are apparently assured successes. A show is also "to be rendered" in November, and from the enthusiasm fomenting, it should rival the success of "The Yapp from Home" and "Janitress Janet," both of which "Made Chicago Chapter famous." And with our unanimously elected president, Tom Nugent, at the helm with his wonderful popularity among young and old, and his executive ability and remarkable resourcefulness working overtime in its interests, Chicago Chapter is certain to have a wonderfully successful year, with "Good Fellowship" as its slogan.

CLEVELAND.

Slach for President.

WE wish again to call to the attention of delegates to the convention the candidacy of Peter J. Slach, of Cleveland, for the Presidency of the Institute. The three essentials which we believe eminently qualify Mr. Slach for the position are—the man, his record and his platform.

1. As a man Mr. Slach has and deserves the respect and loyal support of those who, through intimate acquaintance, are best qualified to judge of his character, ability and good fellowship. He stands as a leader in many lines of activity, in banking and civic circles—a man of ideals and a man of action. His integrity and ability are testified to by the positions of trust which he holds; his popularity by his large circle of devoted friends.

2. Mr. Slach has a splendid record of achievement in many lines of activity.

In this community, where his life has been spent, he is known as a public-spirited citizen, informed and interested in public questions, always ready to do his share—and more—to promote the public good, and now holds several responsible offices in civic enter-

prises. In his bank his successful work is proven by his steady advancement from a minor position to that of Treasurer and a member of the Board of Directors. In Cleveland Chapter, of which he was a charter member, he has been an official and active worker for eleven years—the only member who has been elected and re-elected to the Board of Governors during the entire life of the chapter. He has thrice served as Secretary of the chapter, has always been on one or more of its important committees, and his term as President last year was marked by the most successful educational work yet done by the chapter and by an increase in membership from 200 to 418—more than double. In the national Institute he has always been a conspicuous figure and has attended and taken part in most of the conventions. He served on important committees at the first convention in Cleveland, had charge of the debates at several conventions, inaugurated and led at St. Louis convention the "Question Box," which has since developed



P. J. SLACH.

into the "Symposium" feature of our conventions. He has represented Cleveland in four inter-chapter debates and has been a leader in this phase of Institute work. In the educational work of the Institute he has always been especially prominent. He has taken all the courses of study offered by the chapter and by the national organization, and is a graduate and Fellow of the Institute. Believing that a thorough knowledge of law is essential to the greatest efficiency in the banking business, he took a law course at Baldwin University, working nights, passed his examination with high marks, and is a member of the bar of Ohio. He believes that the most useful banker is the one who most thoroughly studies banking questions and allied subjects, and proves his belief by his own work.

3. Not relying wholly upon past achievements, Mr. Slach is ready to state his program for the future, and announces a platform to show the specific policies in Institute matters for which he will work if elected. We thus have in our candidate a man of character,

ability and personal magnetism, with a record of more than satisfactory achievement, pledged to the support of definite steps for the progress of the Institute. We are confident that the convention will make no mistake in electing him President of the American Institute of Banking for the coming year, and respectfully ask the votes of the delegates.

C. L. Corcoran,
I. F. Freiburger,
W. R. Green,
L. J. Kaufman,
W. H. Kinsey,

H. F. Pratt,
R. P. Sears,
Guy W. Shanks,
J. A. Ward,
Clay Herrick,
Committee.

DALLAS.

By W. J. Evans.

WITH hopes running high and enthusiasm rampant, a large and vigorous delegation from Dallas Chapter will on Friday evening, September 12th, board their special "through-to-Richmond" Pullman car, accompanied by some of the live wires from Fort Worth. The enthusiasm is kindled primarily by the advance notice given out in the last issue of the BULLETIN by Chairman Haynes, of the Program Committee, setting forth the feast of good things that we are to be treated to at the convention, and secondarily by the growing and unmistakable signs that Dallas will, in all probability, have the honor and pleasure of acting as host to the next convention. I use this sequence advisedly, for be it clearly understood that Dallas recognizes thoroughly the paramount importance of the work of the convention itself, and although we shall continue to go after the next convention in the same forceful manner characteristic of this city, our activities at Richmond will at all times be directed with the proper spirit of deference to the chief aims and purposes of the gathering. Our first purpose will be to aid in every way possible towards making the Richmond convention a complete success, incidentally demonstrating our ability to make the next one equally profitable and pleasant.

The delegates and alternates selected by the Dallas Chapter are as follows: H. P. May, M. B. Keith, Stewart D. Beckley, George Stroud, Forrest Mathis, V. F. Hallum, George Hern, Gray Burlew, William Massey, W. J. Evans, John L. Crosthwait, A. B. Kendrick.

From correspondence with representative chapters in all sections of the country, there has developed a distinctly favorable trend of sentiment towards this city as the best meeting place in 1914. The reasoning seems to be like this: That the convention has visited practically all sections of the United States except the Southwest. It has met in the East, the West, the South, the Atlantic seaboard States, and it is felt that in turning to an entirely new territory like the Southwest there would be a distinct educational benefit by reason of coming in contact with a new people and a new country, a country which is rich in picturesque scenes and activities; a people who combine the breezy, optimistic spirit of the West, the traditional warm-hearted hospitality and generosity of the South, and, by assimilation of thousands of sterling homeseekers and business men from the North and East, the characteristic thrift and prosperity of those sections.

We do not intend to confine to the membership of Dallas Chapter the duties of entertaining our guests in the event this city is chosen for the meeting place in 1914. Notwithstanding our present large membership and the inevitable influx of new members that would be bound to follow the news that we had secured the next convention, we know from actual observation of the handling of many important national conventions in Dallas in the past, that to insure absolute smoothness in handling such gatherings, it is necessary to command the service of a multiplicity of local organizations, and that a handful of a hundred or so men would be entirely inadequate. Our pledge is that not only the full membership of our chapter but the city's entire body of bank men, regardless of membership, would actively devote themselves to the details of committee work

and entertainment. In addition to this, we are backed to the limit by a Chamber of Commerce, whose record for the successful handling of national conventions is unexcelled by any organization in America. As we have stated before, the Dallas Clearing House Association has already agreed to underwrite the entire expense of entertaining the convention.

It is true that the Texas chapters are comparatively young; that the work of the A. I. B. in this section is just beginning to make itself felt and appreciated. By the same token our young men are full of the ambition and enthusiasm that accompany the first fruits of accomplishment and that stimulate them to greater efforts in the future. If these conditions do not make Dallas an ideal source of mutual inspiration for our next annual convention, then we have a mistaken conception of the educational aims and purposes of our organization.

DENVER.

By Marsden E. Weston.

THE active work of the chapter ended June 1st for the summer recess, and since that time numerous diversions have kept the interest of the members stimulated. The annual banquet, held in June at the Shirley Hotel, which marked the installation of the newly elected officers, was a decided success. About 125 bank officers and clerks and their wives and sweethearts were present and enjoyed the sumptuous repast, elegant music and speaking by some of Colorado's most prominent men. The program was as follows: W. P. McPhee, McPhee & McGinnity Lumber Company, Toastmaster; Marsden E. Weston, Federal National Bank, Retiring President; R. M. Crane, First National Bank, President Elect; His Excellency, Governor Elias M. Ammons, Governor of Colorado; James H. Causey, Causey, Foster & Company; Hon. Robert W. Speer, Ex-Mayor of Denver. The following committee to be congratulated upon the brilliant success of the event: Mr. W. Campbell Garver, J. C. Barber, E. M. Shafer, A. E. Anderson, A. E. Ferguson.

The Convention of the Colorado Bankers' Association has been set for August 27th and 28th, to be held in Denver. Denver Chapter is a section of the Colorado Bankers' Association and will have a prominent part in the program as usual. G. A. Asklink of the First National Bank has been elected a member of the Executive Council of the Colorado Bankers' Association for the coming year, and in this capacity he represents the American Institute of Banking section.

The Denver Delegation to the Richmond Convention have invited delegates from the Far West to make the journey by way of Denver, and it is hoped that there will be enough such delegates accept this invitation to make it possible to charter two or three cars from Denver to Chicago, where we will join the Chicago party. The following delegates will represent Denver at the Richmond Convention: R. M. Crane, First National Bank; W. O. Bird, Colorado National Bank; Sever Daley, Pioneer State Bank; George A. Brown, Causey, Foster & Company; Marsden E. Weston, Federal National Bank.

About 110 chapter men and their wives and sweethearts left Denver yesterday morning on a chartered train for Eldorado Springs, a famous resort in the Rocky Mountains, and thus enjoyed our annual picnic, which is always held on Colorado Day, August 1st, a legal holiday in this State. This annual treat is well established in the minds of all Denver bank people, and is always looked forward to with pleasurable anticipation. The train was held at Marshall, Colorado, mid-way between Denver and the picnic grounds, for an hour and fifteen minutes, where the First National Bank base ball team defeated a picked team from the other banks by a score of 4 to 3. When the game was finished the party again took up its journey and arrived at Eldorado about eleven o'clock. The members of the party then distributed among the hills and enjoyed basket lunches and reassembled in the afternoon again to enjoy dancing, roller skating, swimming, and to witness the field sports, which were participated

in by the athletes of Denver Chapter. Dancing was resumed again later. The train started back to Denver at nine o'clock, closing the day with a cool and pleasant ride through the Rocky Mountain atmosphere. The committee in charge were as follows: C. R. Cotton, Chairman; H. L. Young, J. N. Quinn, C. R. Perkins and Stanley Wright.

DETROIT.

By Joseph J. McGrath.

THE summer months find Detroit chapter a little inactive, owing to the numerous pleasure points on the Detroit river and the Great Lakes, and so the August meeting was dispensed with. The delegates to the Richmond convention held a meeting on August 25th and will hold another on September 10th.

Two prominent members of our Board of Governors have recently fallen for little Dan Cupid, John Rooks being married on June 11th and Hugh McClelland, Jr., on August 21st.

The Peninsular State Bank has announced the following appointments: L. C. McConnell, manager of Delray Branch; Harry Keintz, manager of Van Dyke Avenue Branch, and J. J. McGrath, manager of Broadway Branch. All three are very active members of Detroit Chapter.

The next meeting will be held September 10th, when the plans for the study classes will be announced.

DULUTH.

By Joseph P. Chapman.

DULUTH Chapter has been playing ball and dancing during the summer, but we'll get down to educational work in the fall. Duluth has only one delegate, Albert Taylor of the City National Bank, to the convention this month, but he is expected to fill the place of several. The remainder of the chapter, who must remain at home, extend hearty wishes for a successful convention and a good time to all.

KANSAS CITY.

By A. B. Eisenhower.

FREDERICK A. BRACKEN, one of the oldest members of the American Institute of Banking, has been appointed asst. treasurer of the Title & Savings Trust Company of Kansas City, Mo. Mr. Bracken was one of the organizers of the Kansas City Chapter. He has been connected with various banks in this city, and for the last six years has been cashier of the First State Bank, Kansas City, Kan. Mr. Bracken has the best wishes of the officers of the First State Bank, and of the members of the Kansas City Chapter for his continued success.

LOUISVILLE.

By V. F. Kimbel.

ALTHOUGH the members of Louisville Chapter are taking a vacation during the hot summer months, we want to let the men who attend the Richmond Convention know that our delegates will be delighted to meet them. The following men from Louisville will be on hand at that time: E. A. Converse, Jr., A. G. Stith, Coleman S. Simpson, F. C. Dorsey and J. H. Mershon.

At the last regular meeting of our chapter the election of officers was held with the result that Thomas Green will be our president next year, with Chester H. G. McKeldin, vice-president; Val. Franck Kimbel, secretary; and Coleman S. Simpson, treasurer.

We have just received a report showing that eight men of our chapter—McKeldin, Stith, Converse, Kimbel, Simpson, Joyce, Eggers and Earley—successfully passed the examination in the first year's study of the Institute course. All of them are anxious to

complete the course next year and have the honor of belonging to the graduating class next spring. We are greatly pleased with this record, in view of the fact that our men have heretofore taken little interest in that course, and we now have only a few graduates in our chapter.

MEMPHIS.

By S. P. Fortune.

APPRECIATING the earnest work rendered Memphis Chapter during the past six years by Mr. Laurence C. Humes, and considering his capabilities as worthy of national recognition, the members of Memphis Chapter do hereby solicit the heartiest support of Mr. Humes at the Richmond Convention, for the presidency of the Institute.



LAURENCE C. HUMES.

As a basis for supporting him, no lengthy eulogy has been prepared by our local committee; but it will suffice to state the record upon which recognition is claimed for Mr. Humes:

1. Holder of the Institute certificate.
2. Member of the Fellowship Class.
3. A former officer of the National body.
4. The organizer of and for six years past an officer in Memphis Chapter.
5. A regular attendant at group meetings, and State and National conventions of bankers' associations.

Although not written in a book, the traditions of the Institute are that its presidency is a stepping-stone to an officership. Would it, therefore, be fair to elect one of those already an officer in a great bank to this office that is supposed to offer an opportunity to a bank clerk?

The influence of the Institute has become so powerful that the tendency of the past several years seems to be for bank officers to seek all its offices. Not ten per cent of our membership are bank officers, and it is wrong that the other ninety per cent of the

bank clerk members appear to be fast losing out in the matter of obtaining the conferred honors of the Institute!

As an illustration of this statement, the present executive council of thirteen has at least eight bank officers thereon; and in the face of such inconsistent representation for bank clerks, we have this year the spectacle of two officers of two great banks scrambling for the presidency of this organization that is for the uplifting and education of bank clerks! The comments we have received on the position above taken indicate that an overwhelming sentiment is developing against this tendency and lead us to believe that Humes will win at the Richmond Convention!

I beg to further call the attention of delegates to the following:

QUESTION.—Is The American Institute of Banking by and for education of bank clerks? or, is The American Institute of Banking by and for the personal advancement of bank officers?

ANSWERS.—Quoted from annual reports, American Bankers Association.

1902—page 91. "We come here to-day with eighteen months of actual work accomplished. Twenty-seven chapters have been formed throughout the Union, with a membership of over 4,000 BANK CLERKS, with a periodical called THE BULLETIN having over 5,000 paid subscriptions, with a correspondence school covering elementary branches to banking, and with over 700 earnest pupils." (Address of Mr. Kittredge.)

1906—page 22. "The total membership of the chapters is now 6,700. The rapid promotion of CLERKS who have taken an active interest in the work of the chapters has attracted attention, and shows clearly that not only are the CLERKS being benefited; but that the efforts of the Committee are being acknowledged by bank officers throughout the country." (General Secretary's Report.)

1909—page 212. "The substantial benefits of the Institute, however, are not so much in the official recognition of its members, gratifying as such recognition is, but in the general benefit of the rank and file of bank employees." (Mr. Puelicher.)

1910—page 372. "The American Institute of Banking is now ten years old. In that ten years a hazy, unformed idea has been nurtured and developed by scores of ambitious and persevering BANK CLERKS into a system of education, whose graduates are officers of banks in every city." (Mr. Downey.)

1911—page 348. "The Institute was organized about ten years ago with a handful of bank CLERKS, and with a view of developing BANK CLERKS from the standpoint of education." (Mr. Pierce.)

FURTHER.—Article 6 of our Constitution, up to the year 1910, read: "The officers of the Institute shall be a President, Vice-President, Secretary and Treasurer, who shall be elected by the Institute in convention from members NOT BANK OFFICERS."

NEW ORLEANS.

Jos. J. Farrell.

NEW ORLEANS Chapter closed its active work for the summer on June 18th, when, after the regular meeting, the members had the opportunity to listen to an address by Ashton Phelps, of the "Times-Democrat," on "The Need for a Central Bank." Mr. Phelps is a very able speaker, and his talk was followed closely by the members, who thereby profited greatly.

The members of the chapter enjoyed a delightful outing on its third annual river excursion on Wednesday evening, July 23, 1913. The tug "R. W. Wilmot" was secured for the occasion, and was in gala attire in honor of the many marrymakers on board. During the evening dancing was enjoyed, while a "nigger" band dispensed that joyous harmony which only real "colored gemman" musicians can produce. The committee in charge was composed of the following gentlemen: Louis Banchet, Chairman; John Dane, W. F. Mulledy, W. D. Parham, J. J. Farrell, F.

Lloveras, W. C. Byrne, W. J. Rooney and Harris Schneider; great credit is due these gentlemen, as it was unanimously voted the most successful outing the chapter has yet given.

Convention talk is all we hear these days, and from present indications New Orleans will send twelve or fifteen delegates to Richmond. Those announced so far are: Messrs. J. Dane, Chas. Butker, I. L. Bourgeois, W. D. Parham, J. J. Plauche, W. F. Mulledy, F. F. Michon, F. V. Moise and Jno. W. Yopp.

NEW YORK.

By Harold S. Schultz.

IN our last Chaptergram we gave a general prospectus of our study course for the coming year. This month we will add the detail outlines of each course. It will be noted that we have prepared a very complete educational feast, and we give fair warning that we are out for a record in the number of certificate holders.

Opening Rally.

It has been the custom each year to begin the chapter activities with a "get-together" function early in the fall. This has usually taken the form of a boat ride, when we have secured the exclusive use of a steamer, and gathering together all of our earnest workers and the new or prospective members, the whole party took a cruise in the waters adjacent to New York. Whether it was because we excluded ladies from these trips (other chapters please note), or whether it was due to the fact that a boat trip does not appeal to the younger men after having spent most of the summer evenings sailing up and down from Coney Island, the fact remains that the boat trips have lost their popularity in New York Chapter.

This year we shall try an innovation. Mr. Thos. A. Edison, the famous inventor, who is a friend of the chapter, has kindly provided an evening's entertainment consisting of a set of his new moving-talking pictures, free of charge. We will hold this meeting, Thursday evening, September 25th, at the Masonic Temple, Twenty-third Street and Sixth Avenue. Between numbers, while the boys are recovering from their astonishment at the wonders that will be shown them, they will listen to short talks by some of the older chapter men on the many benefits to be derived from chapter work. If any of the delegates to the Richmond Convention are in town on this date, we should be very glad to have them with us.

The week following this opening meeting will find us hard at work on the following lectures:

Tuesday Nights.

SEVEN LECTURES ON THE DUTIES OF JUNIOR CLERKS BY CHAPTER MEMBERS.

Lecture 1, October 7, 1913. C. F. Minor, Columbia Knickerbocker Trust Co., Bronx Branch. "The Bank Clerk": Character—Ability—Nature of the work—Opportunities in banking and openings for skilled bank men in other lines.

Lecture 2, October 14, 1913. Henry Billman, North Side Bank, Brooklyn. "The Departments of a Bank": Three main divisions: Executive or administrative—Tellers—Bookkeepers. Specialized departments in commercial banks—Trust companies—Savings banks.

Lecture 3, October 21, 1913. E. H. Ensell, National City Bank. "The Bank Messenger": The "runners"—General duties—Important rules to be observed in the presentation of items—Proof.

Lecture 4, October 28, 1913. Victor F. Hann, Fifth Avenue Bank. "Clerk in the Receiving Teller's Department": What deposits consist of—Proof of the ticket—Distribution of items to other departments—Exchanges for the clearing house—Various city items—Transit items—Sundry and special duties.

Lecture 5, November 11, 1913. B. P. Robbins, National Park Bank. "Clerk in the Paying Teller's Department": Duties outside the cage—Check teller—Duties inside the cage—Cautions

Lecture 6, November 18, 1913. Charles C. Seifert, Fourth National Bank. "Clerk in the Collection Department": Various collection items—How received—Nature of records—Registers and carbon forms—Endorsements—Cautions.

Lecture 7, November 25, 1913. Russell J. H. Hutton, Bankers' Trust Company. "Clerk in the Bookkeepers' Department": Meaning of terms debit, credit, and balance—What they consist of—Journals and ledgers—Proof with other departments—Assorting and posting—Daily Records—Proof.

FIVE LECTURES—DUTIES OF SENIOR CLERKS.

Lecture 8, December 2, 1913. O. Howard Wolfe, American Bankers Association. "Receiving Teller": Principal duties—Organization of department—Records and forms—Dangers at the window—Proof.

Lecture 9, December 9, 1913. Raymond B. Cox, Fourth National Bank. "Mail Teller or Transit Department": Transit items—How received—Proof of incoming mail—Distribution and assorting—Records and forms—"Due diligence"—Exchange charges—Collection through the Clearing House—Suggestions.

Lecture 10, December 16, 1913. George V. McLaughlin, N. Y. State Banking Department. "Note or Collection Teller": Organization of department—Status of bank as owner or collection agent—Danger points—Records and forms—Protested and returned items—Proof.

Lecture 11, December 23, 1913. Henry Billman, North Side Bank, Brooklyn. "Paying Teller": Payment and certifications—Currency shipments—Vault and reserve cash—Dangers at window—Forms and methods—Proof.

Lecture 12, January 6, 1914. George V. McLaughlin, State Banking Department. "The Bookkeeper": Individual and general accounts—Journals—Ledgers figuring interest—Average balance records—Locating differences—Statements to depositors—"Accounts current"—Controlling accounts—Reconciling accounts—Daily proof.

SIX LECTURES—EXECUTIVE AND ADMINISTRATIVE.

Lecture 13, January 13, 1914. J. A. Broderick, State Banking Department. "Bank Organization": Various kinds of banks—Deciding which kind to organize—Method of procedure—Capital requirements—National Bank documents as typical of all.

Lecture 14, January 20, 1914. Ernest K. Satterlee, State Banking Department. "Bank Administration": Organization of directors—Duties and responsibilities—Organization of officers—Organization of force—Functions and relations of various departments to one another and as a whole.

Lecture 15, January 27, 1914. Thomas B. Nichols, N. Y. Produce Exchange Bank. "Bank Loans and Discounts": Secured and unsecured loans—Figuring discount—Discount forms and records—Maturity records—Demand and time loans—Kinds of security—Stock and bond collateral—Merchandise collateral—Loan records and liability ledgers.

Lecture 16, February 3, 1914. Francis T. Tilton, Investment Statistician. "Bond and Stock Investments": Corporation financing—Fundamental difference between stocks and bonds—How used by banks—Where purchased—Values—Bond tables—Amortization—Ledgers and forms.

Lecture 17, February 10, 1914. C. F. Minor, Columbia-Knickerbocker Trust Co., Bronx Branch. "The Credit Department": Mr. Minor will give a practical demonstration of the course of procedure in making a loan to a customer, showing how to estimate safe credit risks and the use of statements, credit records, etc.

Lecture 18, February 17, 1914. George F. Gentes, Broadway Trust Company. "The Statement of Condition": National Bank Statement as typical—Variations in Trust Company and Savings Bank statements—The general ledger daily statement—Call of the Comptroller—How to read a statement—Comparative statements—Proper relation of items to one another.

FOUR LECTURES—SPECIALIZED BANKING.

Lecture 19, February 24, 1914. William C. McAvoy, National Park Bank. "Special Deposits and Safe Deposits": Definition of "special deposit" and "safe deposit"—Handling loans for out-of-town banks—Securities held for customers—Safety-deposit vaults and records—Liability of bank.

Lecture 20, March 3, 1914. Orrin R. Judd, Columbia-Knickerbocker Trust Company. "Trust Companies": Banking department compared with bank—Special functions—Legal nature of trust company—Trust department.

Lecture 21, March 10, 1914. E. G. McWilliam, American Bankers Association. "Savings Banks": Purpose—Stock and mutual banks—Opening accounts—Pass-books—Records—Figuring interest—Investments—General accounting.

Lecture 22, March 17, 1914. V. A. Lersner, Williamsburgh Savings Bank. "Mortgage Loans and Investments": Definition of mortgage—Application—Procedure—Papers necessary—Records—Payments and foreclosures—As investments—Facts to be taken into consideration in making mortgage loans.

Lecture 23, March 24, 1914. Raymond B. Cox, Fourth National Bank. "Bank Audits (Internal)": The bank

auditor—Daily audit of proofs—Audit by clerks—Audit by directors' committee—Difference between audit and examination.

Lecture 24, March 31, 1914. J. A. Broderick, State Banking Department. "Bank Examination (External)": Purpose—By national examiner—By state examiner—By clearing house examiner—Common danger points—Examiner's reports.

Lecture 25, April 7, 1914. Harold S. Schultz, Secretary New York Chapter. "Important Laws Governing National Banks": Stockholders' liability—What a national bank may engage in—Business that is prohibited—Relation between bank and depositor—Creation of surplus—False entries—Statements of condition—Certifications—Limitation of loans—Consolidations and liquidations.

Lecture 26, April 14, 1914. C. C. Putnam, Brooklyn Savings Bank. "Important Laws Governing State Banks, Trust Companies and Savings Banks": Stockholders' and directors' liability—Liability of trustees of savings banks—Investments allowed—Loan limitations—General laws.

April 21, 1914.—Review.

April 28, 1914.—Review.

May 12, 1914.—Examination.

The reviews and examination will be conducted by O. Howard Wolfe, Chairman of the Advisory Educational Committee.

Wednesday Nights.

**FUNDAMENTAL BUSINESS CONDITIONS
BY DR. JOHN FRANKLIN CROWELL, OF THE "WALL STREET JOURNAL."**

Lecture 1, October 15, 1913.—Wealth and Welfare, as shown in: (1) Progress of human wants (necessities, luxuries); (2) Factors of production (land, labor, capital); (3) Production as affected by division of labor, invention, machinery, legislation; (4) Distribution of wealth, shares of labor (wages), of capital (interest), of land (rent), and of management (profits). Problems and exercises.

Lecture 2, October 22, 1913.—Exchange and Banking. Exchange as a determinant of value of goods. Price (market), normal customary. Markets as a price factor. Money, its kinds and uses—Credit, its origin and progress. Development of banking. Problems and exercises.

Lecture 3, October 29, 1913.—Geographical—fundamental conditions of climate, temperature, rainfall, elevation above the sea level and distance from seaboard as factors in determining the areas of production of commodities which enter into commerce and industry. Shrinkage of distances by improvement of transportation. Areas of production. Problems and exercises.

Lecture 4, November 5, 1913. Commodity movements between surplus and deficit countries. Seasonal differences and their effect upon the volume of business. Maritime traffic and overland movements in distribution of staple products. Influences of seasonal trade activities on the movement of credits, exchanges and the precious metals. Problems and exercises.

Lecture 5, November 12, 1913.—Great staple crops as merchandise compared with the financing methods in such crops as cotton, cereals and similar staples. Stages in the movement of a bill of lading from southern fields to European textile centers. Problems and exercises.

Lecture 6, November 19, 1913.—Indexes to business conditions. Price movements as shown in index numbers. Underlying factors which determine prices. Assemblage of products of national industry, their storage and warehousing between seasons, and the competition of different countries for consumers. Column of production measured by monthly comparison of pig iron, coal, railway equipment, etc. Problems and exercises.

Lecture 7, November 26, 1913.—Periods of future contract and their bearings on the business outlook. Absorption of capital from liquid credits into fixed investments. World's competition for surplus capital, and its bearing on the rate of interest. Movements of population, changes in economic, social, and political conditions resulting in marked changes in price levels. Problems and exercises.

Lecture 8, December 3, 1913.—Foreign and domestic commerce in their bearing on rates of exchange. Movements of funds, and the policies of governments toward banking. Public expenditures as an index. Business failures and their significance. Influences affecting bank clearings. Tabulation of loan rates, dividends. Use of maps, diagrams, and other graphic forms. Problems and exercises.

Lecture 9, December 10, 1913.—Panic and crises. The cycle theory of their recurrence—conditions contributing thereto—Causes, primary and secondary—Duration of. How differ from depression—Effects on various interests—Remedies in banking and currency reforms—Problems and exercises.

Lecture 10, December 17, 1913.—Bank note issues, their kinds, uses, periods of service, cost, redemption, and general principles of regulation. Emergency currency, how provided in our own and other countries. Problems and exercises.

Thursday Nights.

COURSE IN COMMERCIAL LAW BY MILTON W. HARRISON, BROOKLYN SAVINGS BANK.

- October 9th.—Commercial Law Defined. Contracts, elements and nature of agreement.
- October 16th.—Contracts: Formation, Capacity of Parties, Offer and Acceptance.
- October 23d.—Contracts: Legality, Divisibility and Indivisibility, Consideration.
- October 30th.—Contracts: Reality of Consent, Statute of Frauds.
- November 6th.—Contracts: Construction and Interpretation, Meaning of Evidence, Damages, Agency.
- November 13th.—Contracts: Assignment, Transfers of Interests in Lands, Discharge.
- November 20th.—Contracts: Discharge, Legal Tender, Specific Performance, Quasi-contracts.
- Review.
- December 4th.—Negotiable Instruments Law: Origin, Definitions, Form and Parties.
- December 11th.—Negotiable Instruments: Requisites, Essential and Non-essential Formal Parts.
- December 18th.—Negotiable Instruments: Interpretation, Delivery, Consideration, Acceptance of Bills of Exchange.
- January 8th.—Negotiable Instruments: Kinds of Acceptance, Checks, Certification, Certificate of Deposit.
- January 15th.—Negotiable Instruments: Negotiation, Indorsements, Holder in Due Course.
- January 22d.—Negotiable Instruments: Presentment, Dishonor, Notice of Dishonor.
- January 29th.—Negotiable Instruments: Liabilities of Parties.
- February 5th.—Negotiable Instruments: Liabilities of Parties, Warranties, Rights of Parties.
- Wednesday, February 11th.—Negotiable Instruments: Alteration, Discharge of Instruments and Parties, Sureties and Guarantees.
- Review.
- Thursday, February 19th.—Real Estate Law: History of Estates in Land, Fixtures, Dower and Courtesy, Title Companies, Deeds.
- February 26th.—Real Estate Law: Trusts and Trusteeships.
- March 5th.—Real Estate Law: Mortgages and its investment value.
- March 12th.—Partnerships: Formation, Nature of Liability, Termination.
- March 19th.—Bailments: Classification, Degrees of Care, Pledges, Warehouse Receipts, Bills of Lading, Safe Deposits.
- March 26th.—Sales: Subject Matter and Distinctions, Warranties and Conditions, Remedies of Seller and Buyer.
- April 2d.—Corporations: Classification, Stockholders and Directors, Rights and Liabilities.
- April 9th.—Corporations: Stocks and Bonds, Underwriting of Corporate Stock by Modern Banking Institution.
- April 16th.—Administrators and Executors: Wills, Probate, Administrators and Executors Defined.
- April 23d.—Administrators and Executors: Appointment and Qualification, Powers and Duties, Accounting, Inheritance Tax.
- April 30th.—Review.
- May 7th.—Examination.

Friday Nights.

ENGLISH AND PUBLIC SPEAKING, UNDER THE DIRECTION OF HORATIO N. DRURY.

For several years Mr. Drury has been a popular instructor of New York Chapter men, training them to write and to speak effective English. He is at present instructor in English in the Stuyvesant High School, New York. He is also engaged as a lecturer on business English and correspondence expert in the following institutions: National City Bank, New York Life Insurance Co., and the Metropolitan Life Insurance Co. The chapter is very fortunate in securing the services of Mr. Drury and the course of lectures to be given by him are alone worth many times the amount of the annual dues. Mr. Drury teaches English in an easy, conversational style that is very effective. He will specialize on the subject of business letters, which is a matter of particular importance to bank men. No matter what your position may be, sooner or later you will be called upon to dictate business letters, and here is an opportunity to learn of an expert.

The change of this course to Friday evenings, which will result in greater convenience to chapter members, was made at the special request of many who found it impossible to attend Monday evenings. Following Mr. Drury's course of twenty lectures there will be three lectures by F. W. Ellsworth, of the Guaranty Trust Company, on Bank Circulars and "ad" writing. Mr. Ellsworth is the best known bank publicity expert in the country and his lectures will be very helpful to all who would know how to prepare effective literature either for use within the bank or for public distribution.

Committee in charge, L. H. Ohlrogge, C. F. Manchon.

COURSE OF STUDY.

- October 10th.—Nouns—phrases—sentences—idioms. Before beginning a business letter.
- October 17th.—Pronouns—grammatical constructions—unity. How to begin a business letter.
- October 24th.—Pronouns—correct forms—coherence. How to close a business letter.
- October 31st.—Adjectives—classes—comparison—sentence construction. How to present your proposition in a business letter.
- November 7th.—Verbs—classification—properties. Styles in letter writing.
- November 14th.—Verbs—conjugation—principal parts. Making the business letter coherent.
- November 21st.—Verbs—moods—tenses. Personal touches in business letters.
- November 28th.—Verbs—special uses—cautions. How to write an effective letter.
- December 5th.—Agreement of verb with its subject—emphasis. Letters appealing to particular types of readers.
- December 12th.—Choice of verbs—question of tense. Letters appealing to women.
- December 19th.—Participles—infinitives. Letters appealing to men.
- January 9th.—Adverbs—classification—comparison. Professional letters.
- January 16th.—Prepositions—forms—relations. Urgent letters.
- January 23d.—Conjunctions—classes—relations. Letters of application.
- January 30th.—Phrases and clauses. Letters ordering goods.
- February 6th.—Clearness as a general end in speaking. Formal and informal notes.
- February 13th.—Expressiveness in speaking. Conversation by telephone.
- February 20th.—Statement of aim and central idea in speaking. Telegram writing.
- February 27th.—Drill in letter dictation.
- March 6th.—Drill in public speaking.

BANK CIRCULARS AND ADVERTISING. BY FRED W. ELLSWORTH, GUARANTY TRUST CO.

- March 13th.—Notices and circulars for use in bank. Neatness—clearness—brevity—how prepared—substitutes for the printing press.
- March 20th.—Bank advertising—keeping in touch—preparing copy—sincerity—honesty of statement—attractive forms and booklets.
- March 27th.—Newspaper bank advertising—proper subjects—effective copy—choice of mediums—cautions.

Forum Nights.

ALTERNATE FRIDAY EVENINGS.

Under the direction of J. A. Broderick, State Banking Department.

POST GRADUATE WORK.

- Course of study for Institute Graduates and other advanced students. Committee in charge, B. P. Gooden, V. F. Hann.
- October 17, 1913.—Review of First Year's Work. Early Colonial Banking—First and Second United States Banks. State Banking prior to 1840.
- October 31, 1913.—Review of First Year's Work. New York State "Safety Fund" and "Free Banking." Plans—Financing the Civil War—The National Banking System—Monetary Conditions Since the Civil War.
- November 14, 1913.—Foreign Banking. The Bank of England—English Finance in the Sixteenth and Seventeenth Centuries—The Formation of the Bank of England—Development of the Bank.
- November 28, 1913.—The Bank of England (Continued). Prosperity of 1825-1840. Steps leading to the Act of 1844 (Peel Act).
- December 12, 1913.—The Bank of England (Continued). The Bank Act of 1844 (Peel Act). Reception of Peel Act. Development of the Bank Under this Act.
- January 2, 1914.—The Bank of England and Credit. Expansion of Banking Privileges—Consolidations and Growth of Joint-Stock Banks. The Bank of England at Present.
- January 16, 1914.—The Bank of France—The Beginning of French Banking. The French Revolution.
- January 30, 1914.—The Bank of France (1800). The Bank of France and its Branches. The Bank of France at Present.
- February 13, 1914.—Imperial Bank of Germany—The Bank of Prussia. Banking and Currency at the Formation of the German Empire (1871).
- February 27, 1914.—Formation of the Imperial Bank of Germany. Imperial Bank and Joint-Stock Banks. The Imperial Bank at Present.
- March 13, 1914.—The Banking System of Scotland—The Bank of Scotland and Others. Basis of Success. The Canadian Banking System.
- March 27, 1914.—Bank of Upper Canada. The Central

Bank and Bond Secured Circulation Ideas. Canadian Banking System at Present.

April 10, 1914.—General Review.

April 24, 1914.—Discussion of Subjects assigned for Essays.

NOTE.—Members of this course will meet in the Chapter Library so as not to conflict with the English Class, which will use the lecture room on the same evenings.

Advancement Note.

Charles Wesley, formerly with the Union Exchange National Bank, is now vice-president of the Dohm Lithographic Co., N. Y.

OAKLAND CHAPTER.

By George W. Ludlow.

OAKLAND Chapter will start activities on the 18th of September with a talk by Joseph Caine, manager of the Oakland Commercial Club. On the same night a player from the local ball team will relate some of his experiences on the road, and with the world's champion team.

On the 23d, the law class will be started under the auspices of the University of California. Mr. Maurice Harrison, a practising attorney of San Francisco, and lecturer in the department of jurisprudence at Berkeley, will deliver a series of thirty lectures on Banking and Commercial Law, using the pamphlets of the Institute as text-books. Many of the local banks, wishing their employees to take advantage of this course, have agreed to furnish the pamphlets free of cost to them. Judging from the interest manifested we have a large class.

Oakland Chapter now has nineteen certificate holders, and the end of the term will see this number greatly increased. Owing to a series of misfortunes, Oakland Chapter will have but one delegate at the convention at Richmond, but plans are now being laid to insure a large delegation next year. The membership now totals one hundred and seventy, and we are working for two hundred by January, 1914.

PORTLAND.

By C. A. Woodworth.

PORTLAND Chapter, impressed by the success of our last year's educational work, in banking, has made greater preparation for the coming year's work in law. Last year our class attendance averaged forty-five, of whom seventeen undertook the examination without a single failure. Three of these members were granted Institute certificates, the first in our chapter. This year we have arranged with Lydell Baker, editor of the "Pacific Banker" and a law graduate, to conduct the class which, from present indications, will not fall far short of one hundred members.

A pleasant surprise was given the members by the marriage of Roy H. B. Nelson, one of the delegates to the Richmond Convention, the ceremony taking place September 2d. Mr. and Mrs. Nelson will visit various Eastern cities with Richmond as their objective point. The other delegates, T. H. West, president of the chapter, and E. F. Sims, chairman of the committee on educational work, have planned to visit a number of the larger chapters and banks in order to become more familiar with the work, both with regard to banking systems and educational work.

The united effort being made to extend our work, both in Portland and the surrounding towns, should put us in a still better and stronger position to aid those who have not ready access to the experience obtainable in large banking centers, for, as it is from this class that we draw some of the most useful members of the banking community, any efforts in their behalf cannot fail to redound to our mutual benefit.

SALT LAKE.

By Charles S. Gardiner.

PRESIDENT B. D. Lyon has been about the busiest man in Salt Lake—and there are some busy ones here—getting things in shape for the winter's work. Our first meeting will be held September 4th. The program for meetings will prob-

ably include lectures on both parts of the Institute courses of study, as there are several members who have nearly qualified for certificates in each of them. The committees are composed of good strong boosters, and a successful year for the chapter is practically assured.

Our convention delegates have been busy with the Executive Committee arranging the details of their trip. For a time it looked as if our past president, Royal C. Barnes, would be unable to attend on account of a bad attack of appendicitis, but he has fully recovered after an operation and will be seen at Richmond with Q. B. Kelly, John Boud and Otto Hoebel. Salt Lake Chapter will keep open house for returning delegates who may pass through here from the convention and will endeavor to show every one a good time who will stop over with us.

SAN FRANCISCO.

By John I. Riordan.

AFTER three months of lethargy, San Francisco Chapter is prepared to resume activity with a new zest. With the old members returning refreshed from their summer vacations, and the influx of new life and enthusiasm from recent initiations, we look forward to a busy year.

On August 23d, at the Stadium in Golden Gate Park, the chapter will hold its first annual field day. As this event has been on the calendar for over a month, the boys have had plenty of time to get into shape. Teams have been organized in the various banks, and, tempted by the prizes which have been offered for each of the twelve events, training rules have been rigidly observed. Messrs. Palmer and Klinker, who have charge of the meet, have secured Geo. L. Horine to run off the events. Up to this writing, close to a hundred entries were in. As a stimulus, and to help perpetuate these meetings, there has been offered by George Whittell a large silver loving cup, which goes to the first bank team winning three of these yearly competitions.

In the line of instruction, we are pleased to announce that the University Extension Division of the University of California has consented to conduct our classes during the season 1913-1914. Prof. C. H. Parker, of the department of economics, and Prof. Maurice E. Harrison, our former law instructor, will be given the guidance of the instruction.

Our delegates, Messrs. Newell, Marcus and McDermott, are daily conning railroad time tables, planning the most circuitous route to reach Richmond, Va. They carry best wishes of the members for a pleasant trip and strong admonition to boost 1915.

SEATTLE.

By Roy L. Jensen.

FRIDAY evening, July 8th, of the Convention of the Washington Bankers' Association at Beltingham, Wash., was given over to a debate between the Spokane and Seattle Chapters of the A. I. B. Spokane Chapter was represented by Albert Kaye of the Spokane and Eastern Trust Co., and B. A. Russell of the Washington Trust Co., last year's president of the chapter. The Seattle chapter was represented by Chas. L. LeSourd of the Dexter-Horton National Bank, and Ben N. Phillips of the Union Savings & Trust Co. The subject of the debate was: "Resolved, That legislation enacted by the Federal Government permitting the establishment of land credit banks, would be for the best interests of the country." Spokane upheld the negative, and Seattle the affirmative. The decision of the judges was unanimous in favor of the negative. Mr. Kaye showed himself to be an exceptionally forceful speaker. The chapters appreciated being given a place on the program of the Bankers' Convention. It is another evidence of that spirit of co-operation between the juniors and the officers which has had so large a part in making the Institute a success in Washington.

SPOKANE.

By A. F. Brunkow.

SPOKANE Chapter is proud, and justly so, of some of her hard-working members, who, during the usual summer season of quietude, have by their unrelenting toil won new honors for our chapter. At the Washington State Bankers' Association Convention at Bellingham, Wash., August 7-9, 1913, members of our chapter carried off all the honors, winning by a unanimous decision the interchapter debate against Seattle, and also winning first and second prizes in the annual essay contest conducted by the association, and open to all bank clerks from all parts of the State, whether members of chapters or not.

The subject of the interchapter debate was: Resolved: "That legislation enacted by the Federal Government permitting the establishment of land credit banks would be for the best interests of the country." The affirmative, being upheld by Seattle, was represented by C. L. LeSourd of the Dexter-Horton Bank and Ben S. Phillips of the Union Savings & Trust Company, while the negative was upheld by B. A. Russell of the Washington Trust Company and Albert Kaye of the Spokane & Eastern Trust Company. The whole question resolved itself into a discussion of the merits of the present system of loaning money to farmers whether or not the rate of interest in this country is prohibitive, and responsible for the high cost of living.

The first speaker for the affirmative, Mr. Le Sourd, went into the organization of land credit banks of Europe, the *Landschaft* system in Germany and the French system of land banks. He was followed by Mr. Russell, who by figures and statistics showed that the rate of interest is not high, and in closing said: "My proposition in short is this: The American farmers, as a class, are our most prosperous citizens. When they want credit they have the best possible security to offer and borrow at a rate as low or lower than men in other lines. * * * I have shown you that our American system is more in keeping with our American ideals and customs than the co-operative societies of Europe would be. The need does not exist for a new set of banks in competition with our present institutions, and they could exist only under government subsidy." In answering, Mr. Phillips presented a system of land banks for the United States, stating that our present institutions are not properly adapted to carrying loans on real estate on the lowest possible rate, and that the farmer is not properly financed.

Mr. Kaye, in his convincing closing argument, summed up his points as follows: "Gentlemen, we have shown you that the sad story of the down-trodden farmer is a myth existing only in the minds of magazine writers and of our opponents; that farmers, as a class, are most prosperous; that interest rates are now, owing to keen competition, down to a point which expresses the relation of supply to demand; that the farmer gets credit as cheap if not cheaper than the man in commercial lines; that the high cost of living is not due to high interest rates but to the lack of intelligent methods in farming; that the co-operative banks, whether for short-time loans or mortgage loans, would not be successful in this country, and that the land-credit banks of Europe came into being only through a special need existing for the same."

The judges of the debate were P. M. Winans of Walla Walla, Robert Moody of Tacoma and F. D. Chase of Everett. The score was based on logic, delivery and composition, 60, 20 and 20 per cent for each respectively. The Spokane team scored 98 points out of a possible 100, winning from their opponents by 33 points. It is to be hoped that the Seattle-Spokane interchapter debate will become an annual event. W. E. Tollenaar, who attended as delegate, and the debating team report a most enjoyable time at the convention, and especially at Seattle, where they were most royally entertained in true Seattle and interchapter spirit by members of that chapter.

The subject of this year's annual essay contest was "Political Considerations in Financial Legisla-

tion," and first prize was won by Joseph W. Bradley of the Old National Bank, and second prize by Albert Kaye of the Spokane & Eastern Trust Company. This is the third successive year that the first prize has been won by a Spokane chapter member. Mr. Bradley's essay was as follows:

This subject is a broad one, and can be considered from various view-points. To discuss the political considerations that have entered into our financial legislation would be too much for this brief paper, while to show that there have not been political considerations in every important piece of financial legislation in the history of this country would be impossible. We can only consider then in a brief survey of our financial history the effects of politics; whether these effects have been of benefit to the American people or to their disadvantage, and if to their disadvantage, to see if there be any practical means of separating politics and finance.

The term finance, according to its precise academic definition, refers to the receipts and expenditures of an individual, company or government. This paper will not cover the subject in this broad sense, which would necessarily involve a discussion of the tariff as well as all other monetary matters relating to the government, but will be confined to Banking and Currency Legislation.

Banking and currency are elements in the commercial and industrial life of the nation, with legitimate and well defined functions. They are as subject to certain basic principles as are the natural elements to the physical laws of nature. Arbitrary legislation which unduly stimulates or retards the free operation of these elements lessens their usefulness, and directly or indirectly works injury to the community.

Politics are partisan and selfish. It is not hard to distinguish between the statesman and the politician. The statesman works in political fields with loyal devotion to his country or his state, and seeks through wise legislation to procure the greatest degree of safety, protection and prosperity to the community at large. The politician seeks public influence for personal or special interests or private gain, and often attains his end by artful cultivation of popular prejudices and uninformed public opinion.

American finance has always suffered from the withering blight of politics, and though the country has prospered and grown great, its progress has been due to our enormous natural wealth and to the ingenuity of the people in adapting themselves to circumstances and making the best of adverse conditions. Instead of sound and scientific financial legislation that should be the bulwark of our prosperity, a safeguard to our credit and a monument to our national integrity, we have had makeshift, piecemeal, ill-advised banking laws that have allowed the whole monetary and credit superstructure to collapse every few years, bringing in their train unnecessary loss, suffering and want.

In the early colonial days of this country there was a great scarcity of money. The little specie in the country was sent abroad in payment of imports, and it was to supply the need of a circulating medium that the first banks were established, the earliest being in Massachusetts in 1714. This was founded to lend security, its notes being secured on real estate and other "imperishable commodities." It was under no legal regulation, was badly managed and soon went to pieces. There were other crude experiments in what was then called banking in the colonies, before the Government of the United States was established, the chief purpose being to furnish paper money which was put out in the purchase of property or in loans secured in a variety of risky ways. These early banks did some good, but through inexperience and mismanagement they usually came to grief, bringing loss to the community and distrust of the banker, which has ever since lived in greater or less degree in the American mind.

Even before the first bank was established, the scarcity of money and the expense of the French and Indian wars had prompted the General Assembly of the colony of Massachusetts to issue bills of credit which were made legal tender and served as currency. The first of these issues of paper money was in 1690 and was for 7,000 pounds. The bills were simply advance orders on the treasury and were payable in one year from the receipts of taxes. They were redeemed the following year, but the public expenses were growing and a larger issue was put out, redeemable in two years. This was followed by larger issues and for longer times. The more conservative element of the people began to be alarmed, as the practice grew, declaring it to be unsound and dangerous; that what had been started from necessity had become an evil. They clamored for more economy in public expenditures, and for an increase in taxes to pay such expenditures. The politicians were quick to see the opportunity which the situation offered, and argued that if the government guaranteed the payment of the notes and made them legal tender, there was no need of increasing the burden of taxation, and that there would be plenty for everybody.

Thus were sown the seeds of the cheap money fallacy which has outlived at regular intervals throughout our history; the excessive issue of paper money during the wars with England; the subsequent greenback campaigns; the various dreams of theorists and schemes of demagogues that have beset us; the phenomenal rise in political power of

Jackson, and the close analogy in the Free Silver campaign of 1896, when the candidate was only defeated because he lacked the military prestige and the hero-worshipping support that had gone to the earlier leader.

The first Massachusetts paper money depreciated in value shortly after it was issued, but artificial and political devices were used to keep it in circulation. Sometimes the depreciation became as great as 10 to 1, but the plan persisted and soon spread to other colonies. Finances were in a very unstable condition at the outbreak of the Revolution, but with the self-sacrifice and patriotism that was manifest on every side, it would have been possible by direct taxation to carry on the war. However, enthusiasm instead of sound judgment prevailed, and the Continental Congress plunged into the issuing of notes in greater abundance than before. We are all familiar with the history of the war and the brilliant military achievements of its leaders, but we are not so well versed in the bungling and erratic financial legislation of the time. Towards the close of the war the Continental notes had depreciated to about 40 to 1, and we have handed down to us as a memento of the period the phrase, "not worth a Continental." One contemporary writes of conditions, "Paper money polluted the equity of our laws; turned them into engines of oppression; corrupted the justice of our administration; destroyed the fortunes of thousands who had confidence in it; enervated the trade, husbandry and manufactures; and every way, far, to destroy the morality of our people." The masters of the nation's finances had not learned even from earlier experience that the principal currency of a country must be regarded as a commodity, the supply of which is to be left to the natural action of the laws of supply and demand. The unrestricted issue of paper representative money produces an artificial inflation of the natural conditions, the results of which are inflation of prices, expansion of credit, instability of values, and general monetary disorder. Of course the greater excess of issue, the more aggravated the result.

After the war everything was in a chaotic condition. The banks had ceased to be of any service and the nation was in poverty without credit at home and abroad. Robert Morris, a merchant banker of Philadelphia, was appointed Superintendent of Finance, and attempted to bring order out of chaos, but he was regarded with suspicion by the people, who considered him the representative of an oppressive money power. His recommendations were good, but they were not fully accepted by Congress. After the Constitution was adopted, much political and popular opposition developed to a central financial authority, but it finally triumphed and the Treasury Department was organized. The first secretary was Alexander Hamilton, and American independence owes much to the genius of this statesman and financier, for he assisted greatly in establishing the new nation on a sound and permanent foundation. He founded the first United States Bank, and this did much to centralize the forces of a weak government. He restored the nation's credit at home and in Europe, and placed our finances on a plane of efficiency not known before. Hamilton was bitterly opposed by enemies in Congress, but the soundness of his judgment and integrity of motive cannot be questioned. To him rightfully belongs the title, "The Father of American Finance."

The first United States Bank was chartered in 1791, for a term of twenty years. It had a capital of \$10,000,000, of which the Government was to subscribe one-fifth. It was to be a regulator of the currency, a depository for public monies and the fiscal agent of the Government. The bank could not hold real estate, except that used for its business, nor could it loan on mortgage security; it could not become indebted to a greater amount than its capital, but deposits were not reckoned among its liabilities. This was the only limitation upon its issue of notes, which were made legal tender. The charter of this bank did not prevent the rise of a considerable number of state banks which also issued notes, but by reason of its larger capital and several branches in the principal cities, the United States Bank dominated the entire banking system, and regulated the issues of the State banks. It could and did refuse to accept as deposits or in payments the notes of unsound banks. Through its branches it was enabled to assemble in their respective cities and to present for redemption the notes of the various banks, thus requiring them to hold a specie reserve at all times sufficient to meet these demands.

In the early part of the century, the Government sold its stock and had no direct interest in the renewal of the charter in 1811. The bank always had enemies who opposed it on constitutional grounds, and who claimed that it was undemocratic and political. The opposition was strongly supported by the private bank interests and, after a bitter contest, the bank was overthrown and went into liquidation. The absence of the restraining influence of the Bank of the United States soon made itself felt. State banks increased in four years from 80 to 150, with note issues of \$62,000,000. The Government had then to rely for financial aid upon these institutions, and when the war of 1812 came on, it brought trouble and disaster. There was a general suspension of specie payments and a very disordered state of bank-note circulation. The "old regulator" was seriously missed.

An agitation was begun in 1814 for a charter for a new Bank of the United States. There was much debate

in Congress and vigorous opposition by President Madison, but finally in 1816 a bill was passed which met with his approval. The second bank was similar in its main features to the first one, but it had a capital of \$35,000,000. The organization of this bank compelled the State banks to resume specie payments, and business conditions again became prosperous. The history of the second bank was clouded by scandal, but the management was reformed after a Congressional investigation, and for the rest of its career it was capably managed. It undoubtedly had defects, as any human organization must have, but those defects could be improved without tearing down the whole structure. The bank was dragged into politics, which wrought its destruction. Its last president, Nicholas Biddle, attempted to fight fire with fire, and use the bank's influence politically to combat its enemies. The renewal of the charter became the prime issue in the presidential campaign of 1832, and Jackson, who had always been an enemy of the bank, was elected. Political intrigues against the bank culminated in this election, and President Jackson proceeded to deliver the blow until the old bank, which had more than once saved the credit of the nation, was crippled and went down. In the windup it was found that its entire capital was lost, though it managed to pay its debts.

The refusal to continue the National Bank gave full scope to the private institutions, and they increased with mushroom rapidity. The bank's credits were accordingly expanded without limit and speculation rampant. The inevitable crash came in 1837 and the country was thrown into the worst financial panic in its history. From this, it took several years to recover. Banks failed by the score, entailing severe loss to the Government, which had been depositing in them. Two attempts were made to re-establish the United States Bank, but without success. The Independent Treasury Act was then passed, and the Federal Government made its collections in specie only, and had no more direct concern in banking until the time of the Civil War.

From the beginning of the Treasury Department, the most important qualifications for the office of Secretary of the Treasury were of political prominence. The appointment of Salmon P. Chase in 1861 was an exception. A lawyer, a former Congressman and Governor of Ohio, but with a financial training, he was placed in charge of the momentous task of financing the war. Cautioned by the earlier experiences of the country, he issued treasury notes with discretion, and, after borrowing at home and abroad until the credit of the nation was exhausted, and governed by public exigency, he hit upon a plan to force bankers to purchase the government bonds as security for circulation.

This plan resulted in the National Bank Act, the foundation of our banking and currency system for the last fifty years. An ingenious contrivance for the sale of government obligations as security for note issues, it was a successful expedient at the time of the war, but as a permanent banking law it was unscientific and wrong in principle.

Our financial history under the National Bank Act, which still survives, does not need recital. The attacks that have been made upon the system, the remedies that have been proposed, the bitter debates in Congress on financial legislation, and the sound-money campaigns which have been waged are familiar reading to us. Three financial panics have been experienced during that time, furnishing substantial evidence of weakness. After the last disturbance in 1907, a concerted effort was made to reform our banking laws. From the great mass of criticisms offered, it was unanimously agreed that there were two chief defects in our system. First, that the bank currency was unelastic and unresponsive to the needs of commerce, and, secondly, that the reserves of the country were scattered and unavailable in times of need. Congress passed a temporary emergency measure, and with rare good judgment provided for a non-partisan currency commission to study the subject thoroughly, both in this country and in Europe. This commission worked faithfully for three or four years and accumulated the most complete and authoritative data that has ever been prepared, and, in the light of the information thus secured, prepared a tentative plan for banking reform. This plan, while rather top-heavy and complex in organization, was framed with the idea of uniting our numerous and scattered banking units in a way that would eliminate the most serious evils of the present system, and at the same time not unduly disturb existing business. It was admitted that the plan had defects, but the fundamental principle was sound. It was safeguarded from private control of the domination of special interests, and it was hoped that it could gradually be adjusted and improved until it had made of our banking and currency system a tower of strength, not only for national finances, but for the protection of the people.

Unfortunately, the proposition when submitted to the country for consideration bore the name of the chairman of the commission, who had incurred popular disfavor and was regarded with suspicion by the people as a representative of "Wall Street" and the money power—another repetition of history. So much criticism and opposition was manifested that it was determined not to place the matter before Congress to be torn to pieces in that political arena, but to begin a campaign of education among the people, and to await a more auspicious time.

The American people have shown signs of breaking away from the old unreasoning partisanship and the blind following of party leaders, and are beginning to study conditions and to act for themselves. Is it too much to hope in matters of money and banking that they will begin to realize that finance and politics are separate and distinct and cannot be indiscriminately mixed together? Will they learn that finance is a science, accurate and exact, and that to master it is not the work of bungling politicians, but of experts trained in their profession? History in the making, and within a few months we shall see if our boasted modern enlightenment is in reality advancing towards the final solution of economic and financial difficulties, or if we are merely treading in the footsteps of those who have gone a hundred years before, and have not even learned to profit from the mistakes of our forefathers.

Our entertainment committee arranged for a series of dances, which have been given at Liberty Lake, Spokane's inland seashore, during the summer months, which have proven very successful and popular. The next one of the series will be held very soon. The chapter clubrooms in the Exchange National Bank building, under the supervision of our president, Geo. C. Gage, have undergone a complete change, new furniture and fixtures having been installed, the convention hall has been enlarged, which is a decided improvement, and will give us a pleasant place for our study classes, which will resume their work early in September.

SYRACUSE.

By J. J. Hughes.

THERE is a hum of activity in Syracuse Chapters' various committees, which seems to forecast a year of equal interest, if not surpassing that of last year. The house committee has completed negotiations for our new quarters. This will give us comfortable meeting rooms and library, accessible to the members every day and evening.

The educational committee has arranged with Frank R. Walker, A.M., LL.B., to give ten lectures on Contracts, covering the first half of the year. The last half year will be given over to a study of practical banking. Mr. Walker is a teacher of exceptional ability, being lecturer on bills and notes in Syracuse University School of Law. Members of larger and older chapters who heard his lectures on "The Law of Commercial Paper," last year, declared they never listened to a better exposition of the law merchant. His unassuming manner and plain, effective method of driving home the important points of his lecture has won for him the esteem of every chapter member, and the announcement of his part in the program will assure a regular full house attendance.

Rochester Chapter has advised this committee of their desire to regain the debating laurels captured by Syracuse last winter. Our boys have the chip on their shoulder, so we may be assured of a return debate on our home grounds.

Librarian A. L. Wise will prove that there is something in a name, when the plans of his committee are carried out. It is their purpose to make the library a place where the aspiring young banker may inform himself on any phase or subject of his profession. They intend to classify clippings and references so that information on any banking topic may be readily procured. All of the leading financial magazines and books will be on hand.

Every effort has been made to give the members the best that can be had in quarters, in its teachers, and in the opportunities offered for self-advancement. One thing remains to make a successful year, and that is up to the members. Attend the meetings.

WASHINGTON.

By Frank V. Grayson.

PRESIDENT F. B. Devereux was the leading spirit in a new movement to keep up the spirit of close harmony during the summer months when this chapter gave a theater party the latter part of July at the Columbia Theatre, at which time the Columbia Players were giving "A Contented Woman." Among those present were President Woodrow Wilson, Secretary of Commerce Redfield and Postmaster

General Burleson. This is the first time in the history of the A. I. B. that a President has attended any of the functions given by a chapter, which only goes to show that this chapter is a leader.

W. W. Spaid, chairman of the Committee on Entertainment of Delegates to the Richmond Convention, is very busy marshaling his forces to take care of over three hundred members from all over the country on Tuesday, September 16th, who, at the invitation of this chapter, will take advantage of Richmond being so near to stop over on their way to the convention and see the capital of the nation. Mr. Spaid has outlined a very attractive program for the day, and those who are fortunate enough to be with us will ever remember Washington and her thriving chapter.

President Devereux advises us that the chapter will get under way this season in the early part of October, and wishes to announce that it is his intention to give Washington Chapter the best year in its history. Mr. Devereux is picking a high mark to shoot at, but if he is given the hearty support accorded his predecessors he will make good, for we all know him to be a good mixer and well versed in chapter work and well liked by all. He says that the members will be agreeably surprised when they notice the improvements which are to be made in the chapter rooms, which will add quite a bit to the comfort of the members.

The battle cry now is "On to Richmond," but it is with a spirit of knowledge and good fellowship, and not like the days of '61 to '65, when brother fought against brother. This is the day and generation of brotherhood. And the American Institute of Banking is in the forefront of the battle, believing that knowledge leads to truth. That is why every up-to-the-minute chapter is giving educational courses and why we have our annual convention, where the ideas formulated in the different chapters are given countrywide publicity.

CORRESPONDENCE.

By Warren Day.

A MEMBER of the Correspondence Chapter has asked for some information as to what method is adopted in publishing extracts from various papers submitted in answer to the exercises in the Practical Banking Course. There is no fixed rule in this matter. It would be unfair to publish answers to specific questions, no matter what their literary or other merit may be, since this would furnish an unfair advantage to other students who have not sent in their answers to the same questions. It often happens, however, that where matters of opinion are involved, some very good ideas are produced by members of the chapter, which are worth publishing. In view of the Clearing House Symposium, which will be an important part of the Richmond Convention programme, two such extracts from papers are herewith submitted. One is from North Dakota and another from Tennessee, and they each illustrate the fallacy of the idea that country banks do not appreciate the value of the Clearing House idea in collecting transit items.

1. "One of the greatest needs of our banking system seems to be uniformity and union. We certainly have none of this concerning exchange charges between city and city, and seldom even in the banks of any given city, unless under clearing house regulation. The main idea seems to be, collect as much as the victim will stand for and as much as you happen to be in the humor to ask. Policy requires that a customer be mercifully handled because you wish to keep his business, while the stranger within your gates will probably never be this way again, and it doesn't matter how he feels. This is of course an exaggeration, but the banks in a neighboring city charge their customers for the collection of checks, which cost them nothing to collect in turn. We have no rules in this town to govern such charges, leaving it largely to instinct, which seems absurd for banks otherwise well regulated. It is one of the biggest fields open to clearing-house education."

2. "As for exchange charges on out-of-town checks, for deposit, I would like to see it removed entirely. If some system of clearing country checks more quickly could be worked out, and have the checks receivable at par for deposit in any bank, it would be much more convenient and save a great deal of currency circulation. I believe there is a big field for country clearing houses. I note what you say about country clearing house located at the county seat or some other large local town. I believe that would be much better than handling items as most country banks do. I would like to see some such system worked out on a larger scale, say for two clearing houses in the two best located towns in each state. I believe some system could be worked out so that any member could keep its account with any other member, and not be confined to one city. If each bank would send all of its items to the clearing house each day for their credit with some other bank, its correspondent, and instead of the clearing house sending the items to the correspondent bank, it would send a letter each day to each member bank containing all of its items, the member banks to remit to the clearing house for them the same day received. If about three days were given for clearing, the manager could deposit the drafts in some member bank to his credit as they were received, and then give checks to the large correspondent banks for their balance, and they could advise the banks that sent the checks to the clearing house for their credit. These country clearing houses might clear with one another too, and all clearing-house items could be handled at par, and I believe it would be a benefit to all banks. If every customer knew his check would go at par in any bank, it would encourage checking accounts, and there would be very little currency in circulation [sic]. It would also be a great saving of labor in the transit department of the banks. Such an organization could have clearing-house examinations and many other benefits. The present method of sending checks from one correspondent bank to another keeps the checks in circulation too long, and I believe something should be done to gain time. The clearing house seems to be the only institution that can do it without very heavy exchange charges. There may be many places for the extension of the city clearing houses, and that is why there is not more attention given to the country clearing house. The country bankers are not familiar with clearing-house methods and will never work out any system. I believe if the city clearing houses would take this up they would find it a benefit to themselves in many ways, and it would be a great benefit to the country banks."

COMPARISON OF METHODS.

THE success of chapters in large cities has created the erroneous impression that the Institute is solely a city chapter proposition, and it is therefore only natural that ideas of Institute work should run in chapter channels. The fact is, however, that correspondence study is equal in educational results to the work done in a majority of city chapters and manifestly superior to the work done in many such organizations.

INSTITUTE PRIDE.

By Robert H. Bean, of Boston.

AMONG the thirteen thousand odd members of the American Institute of Banking there is little evidence of what is known as Institute pride. The spirit of loyalty to the national organization is lacking among the men who have been brought out of the back street of "Don't care" into the highway of "I will," and have been given a chance to demonstrate their ability or want of it. Every chapter has a large number of men who care little for the Institute so long as the local organization provides the study classes and a certain amount of entertainment. This is a selfish view to take, and is not in keeping with the high standard set for the bank men whom it seeks to help. Every member, and especially those in large chapters, should do some part

in bringing the Institute constantly to the front. Those bank men not members would soon seek enrollment if there were a genuine ring of enthusiasm in the voice of the chapter men whenever mention is made of what is being accomplished. It is co-operation when all members of an organization labor for the benefit of every other member, and a lack of it when only one-twentieth are heard saying a word in support of those who are giving so much of their time to this work. There is plenty of chapter pride, especially in large cities, but members seem to forget that chapter facilities are limited geographically, and consider that if the local organization is successful the end and aim of Institute work is accomplished. The Institute must develop and progress. It must constantly enlarge its field of work and so increase its efficiency. What it has thus far been able to do is only a small part of the great accomplishment in the near future when the hundreds of graduates and thousands of students become real enthusiasts. The American Institute of Banking has developed the junior bank clerk of doubtful value into a live, working unit in the world of banking, and should be accorded more genuine support by the individual member. Let every chapter man remember that there is an Institute President who seeks co-operation, that there is an Educational Director who is always ready for a suggestion which may improve the educational courses, and that, finally, while he is a member of a local company called a chapter, he is likewise one link in a chain of keen, ambitious bank men, stretching from coast to coast and from the Gulf to the Great Lakes. No members of any organization have greater reason to feel a sense of pride than those in the American Institute of Banking.

CHAPTER CLASS WORK.

CLASS work in chapters is simply the application of ordinary school teaching methods to the particular subject of Banking. There is nothing complicated about it. Anybody who has ever been to school knows how teaching is done, and neither instructors nor students ought to have any difficulty except the too general reluctance to get down (or up) to systematic work.

ONE AT A TIME.

IN most chapters it is better to center class work in either one of the two parts of the Institute study course rather than to attempt both parts at the same time.

SMALL CHAPTER PROBLEMS.

THE failure of several small chapters during the past year does not demonstrate absolute lack of local ambition and interest in Institute education. Without backbone in the form of a study class no chapter has ever yet been successful. The usual trouble in conducting chapter classes is the difficulty of obtaining a suitable instructor. Professional teachers are not always available, and few bank officials have the time even if they have the inclination and ability to do the necessary work. There is certain glamour about the operation of a chapter in imitation of such associations in large cities, but if the motive is education and not some sort of sociability the best results are obtainable from combination class and correspondence instruction. The simple and thorough method of instruction thus provided requires work, but in modern banking as well as in modern banking education work is something to be welcomed rather than to be avoided.

KNOWLEDGE AND EXPRESSION.

"USUALLY," says the Albany Journal, "the less a man knows the more words he uses to tell it."

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

California—Continued.	Richmond	The Mechanics Bank.
	Walnut Creek	San Ramon Valley Bank.
Colorado	Colorado Springs	The State Savings Bank.
	Parker	The Parker State Bank.
	Sterling	Farmers National Bank.
Florida	Bartow	Citizens Bank of Bartow.
Georgia	Atlanta	Colonial Trust Company.
	Chipley	Farmers & Merchants Bank.
	Darien	The Darien Bank.
	Hahira	Bank of Hahira.
Idaho	Aberdeen	Bank of Aberdeen.
Illinois	Carbondale	Carbondale National Bank.
	Chebanse	Bank of Chebanse.
	Chicago	The Jefferson Park National Bank.
	“	E. F. Parr & Co.
	Creal Springs	Citizens State Bank.
	Roanoke	German American State Bank.
Indiana	Gary	International Trust & Savings Bank.
	Markleville	The Markleville Bank.
	Merom	Merom State Bank.
Iowa	Alburnett	Alburnett Savings Bank.
	Hedrick	Hedrick State Bank.
	Orient	The First State Bank of Adair Co.
Kansas	Manhattan	The Citizens State Bank.
	Spearville	The First National Bank.
Louisiana	Bernice	Bank of Bernice.
	Grayson	Grayson Bank.
	Kaplan	Bank of Kaplan.
	Mer Rouge	The Mer Rouge State Bank.
	Ponchatoula.....	Ponchatoula State Bank.
Maryland	Emmitsburg	Annan-Horner & Co., Bankers.
	Hurlock	The Eastern Shore Trust Co.
Massachusetts	Belmont	Belmont Savings Bank.
	Boston	Hornblower & Weeks.
	“	A. B. Leach & Co.
	Dedham	Dedham Institution for Savings.
	Ipswich	First National Bank.
Michigan	Detroit, 203 Gratiot Ave.....	Detroit Savings Bank, Branch.
	“ 623 Dix Ave.....	“ “ “ “
	“ 1501 Woodward Ave.....	“ “ “ “
	“ 1069 Grand River Ave....	“ “ “ “
	“ 2579 Jefferson Ave.....	“ “ “ “
	“ 1018 Michigan Ave.....	“ “ “ “
	“ 705 Woodward Ave.....	“ “ “ “
	“ Gratiot and Mack Aves....	“ “ “ “
	“ 283 Holden Ave.....	“ “ “ “
Trenton	Trenton State Bank.	

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING

Minnesota	Argyle	First National Bank.
	Minneapolis	Camden Park State Bank.
	"	North Side State Bank.
	Mora	State Bank of Mora.
	Saint Francis	Saint Francis State Bank.
	Virginia	The First National Bank.
	Willmar	The Kandiyohi County Bank.
	Winger	Farmers State Bank.
Missouri	Winthrop	First National Bank.
	Cosby	Cosby State Bank.
Montana	Steeleville	Crawford County Farmers Bank.
	Buffalo	The First State Bank.
	Circle	Circle State Bank.
Nebraska	Willsall	Farmers State Bank.
	Avoca	Bank of Avoca.
	Grafton	The Grafton State Bank.
New Hampshire	Springview	Farmers & Merchants Bank.
	Concord	Mechanicks National Bank.
New York	Milford	Granite Savings Bank.
	Middleport	The First National Bank.
	New York	S. W. Straus & Co.
	New York, Long Island City	Commercial National Bank.
	Oneonta	Citizens National Bank.
North Dakota	Theresa	State Bank of Theresa.
	Fryburg	First State Bank of Fryburg.
	Jamestown	Citizens National Bank.
	Marmarth	Farmers State Bank.
	Nome	First State Bank of Nome.
	Roger	First State Bank.
Ohio	Williston	Williston State Bank.
	Cleveland	First Trust & Savings Co.
	Haviland	The Farmers National Bank.
	Ironton	Iron City Savings Bank.
Oklahoma	Anadarko	First National Bank.
	Broken Bow	The First National Bank.
	Dewey	The Security National Bank.
	Supply	The Bank of Supply.
	Tulsa	The Liberty National Bank.
Oregon	Corvallis	Corvallis State Bank.
	Dayton	Bank of Dayton.
	Lafayette	Lafayette State Bank.
	Ontario	First National Bank.
	Paisley	Paisley National Bank.
	Roseburg	First Trust & Savings Bank.
	"	The Umpqua Valley Bank.
Pennsylvania	Danielsville	Danielsville National Bank.
	Jenkintown	Jenkintown Trust Co.
	Kutztown	The Farmers Bank.

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Pennsylvania—Continued.	Phoenixville	Farmers & Mechanics National Bk.
	Watsonstown	Farmers National Bank.
South Carolina	Denmark	The Citizens Exchange Bank.
South Dakota	Agar	Agar State Bank.
	Artesian	Artesian State Bank.
	Buffalo	Harding County Bank.
	Dallas	Dallas State Bank.
Tennessee	Algood	Bank of Algood.
	Friendship	Farmers & Merchants Bank.
Texas	Columbus	First State Bank.
	El Paso	American Trust & Savings Bank.
	Gregory	First National Bank.
	Jourdanton	Atascosa County State Bank.
	Matador	The First State Bank.
	Ozona	Ozona National Bank.
	Sonora	First National Bank.
	Stratford	First National Bank.
Utah	Milford	Milford State Bank.
	Salt Lake City	Farmers & Stockgrowers Bank.
	Tooele	Commercial Bank of Tooele.
Virginia	Amherst	Farmers Bank of Amherst, Inc.
	Colonial Beach	The Bank of Westmoreland, Inc.
	Fredericksburg	The Planters National Bank.
	Keysville	State Bank of Charlotte Co., Inc.
	Richmond	Broadway National Bank.
West Virginia	Charleston	Union Trust Company.
	Morgantown	Farmers & Merchants Bank.
Wisconsin	Chili	Chili State Bank.
	Stevens Point	Wisconsin State Bank.





American Institute of Banking

Correspondence Instruction

INSTRUCTION BY CORRESPONDENCE is in some ways the most efficient form of education, and is particularly well adapted to the Institute course of study in practical banking and such principles of law and economics as pertain to the banking business. In correspondence instruction, as conducted by the Institute, each student is supplied with the serial lesson pamphlets and collateral exercises which constitute the Institute study course. The exercises in connection with each lesson are to be submitted to instructors whenever done. The work of students thus produced is corrected and returned with such criticism and suggestions as may be helpful in each case. Average students get little benefit from books alone. What most of them need is a teacher to direct and encourage them. The usefulness of a teacher is not so much to impart specific information as to stimulate the ambition and interest of students and to systematize and verify their work. The correspondence method of study lacks the inspiration of social contact, but the personal relationship established between students and instructors stimulates ambition, and the fact that all lessons must be written insures thought and thoroughness. So far as actual acquirement of knowledge is concerned the advantages of the correspondence method of instruction fully offset its disadvantages. The cost of correspondence instruction thus provided to individual students who are Chapter members or employees of banking institutions that are members of the American Bankers Association, including lesson pamphlets and all serial as well as final examinations, is \$10 for Part I pertaining to banking and \$10 for Part II pertaining to law. Payments for each of the two parts may be made separately.

Specimen Lessons on Application

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New York City



THE TROW PRESS, NEW YORK

