

JOURNAL

OF THE

AMERICAN BANKERS ASSOCIATION

Administrative Committee Meeting

Tentative Program of the Washington Convention—
Work of the Committee on Commerce and Marine—
Progress in Revising the Constitution of the Association

THE meeting of the Administrative Committee of the American Bankers Association at the Hotel La Salle in Chicago, July 26 and 27, was a strictly business affair. The members in attendance were: President Hawes and Messrs. McAdams, Head, Hagey, Butler, Dinkins and Strong. General Secretary Bowerman and General Counsel Paton were also present.

Convention Program

The program of the annual convention, to be held in Washington during the week beginning Monday, October 18, was discussed in detail. The sentiment was unanimous that the coming convention should be primarily a convention of bankers, for bankers, by bankers. As a consequence most of the speakers will be practical bankers who will deal with practical banking subjects. Secretary Meredith of the Agricultural Department and Secretary Houston of the Treasury Department will make addresses. Some of the lighter phases of human life will be portrayed by John Kendrick Bangs. President Duffrees of the United States Chamber of Commerce will represent that organization on the program. Among prominent bankers who will make addresses are Fred I.

Kent of New York, George Woodruff of Joliet; H. M. Robinson of Los Angeles and Fred. W. Ellsworth of New Orleans. One or two other bankers may be added to this list. The tentative program is as follows:

TUESDAY MORNING

General convention called to order by President Hawes.
Invocation, 5 minutes.
Address of welcome, 10 minutes.
Response to address of welcome, Thos. B. McAdams, 5 minutes.
Annual address of the President, 15 minutes.
Annual report of the General Secretary, 10 minutes.
Annual report of the Treasurer will be received and filed.
Annual report of the General Counsel, 15 minutes.
Annual report of the Protective Committee, 3 minutes.
Report of the Committee on Revision of the Constitution, 1 hour.
Annual report of the Executive Council by the President.
Report of the Committee on Insurance, 10 minutes.
Committee on Americanization and Thrift, 10 minutes.
Report of the Committee on Gold, 10 minutes.

WEDNESDAY

Report of Commerce and Marine Committee, 10 minutes.
Report of Committee of Five, 10 minutes.
Address by Hon. E. T. Meredith, 30 minutes.
Report of Committee on Public Relations, 10 minutes.
Report of Committee on Campaign for

Federal Reserve Membership, 5 minutes.
Report of Committee on Acceptances, 10 minutes.
Address by Fred. W. Ellsworth, 30 minutes.

THURSDAY

Trust Company Section report, 10 minutes.
Savings Bank Section report, 10 minutes.
American Institute of Banking report, 10 minutes.
Address by Hon. David F. Houston, Secretary of the Treasury, 30 minutes.
Report of National Bank Section, 10 minutes.
Report of State Bank Section, 10 minutes.
Report of State Secretaries Section, 10 minutes.
Report of Agricultural Commission, 15 minutes.
Report of Committee on Education, 10 minutes.
Address of John Kendrick Bangs, 45 minutes.
Committee of Seven, 5 minutes.

FRIDAY

Report of Committee on Federal Legislation, 15 minutes.
Report of Committee on State Legislation, 10 minutes.
Address by Hon. George Woodruff, 30 minutes.
Report of Committee on Nominations.

SECTION PROGRAMS

The arrangement of the programs of the various Section meetings was reported as follows:
Monday afternoon—Clearing House Section; State Bank Section.
Tuesday afternoon—Savings Bank Section; Trust Company Section.

Wednesday afternoon—National Bank Section; State Bank Section; Trust Company Section.

Thursday afternoon—National Bank Section; Savings Bank Section; Clearing House Section.

It was decided that there should be no addresses of welcome on the Section programs.

Commerce and Marine

On motion duly made and seconded the following preamble and resolution were adopted and the general secretary instructed to transmit the same to Chairman John McHugh of the Committee on Commerce and Marine:

Whereas, The Foreign trade financing plan formulated by Mr. John McHugh, Chairman of the Commerce and Marine Committee of the American Bankers Association and endorsed by the Executive Council of the Association as presented at the Spring meeting at Pinehurst, N. C., April 27, 1920, is developing in a manner making possible cooperation in it, on a wide and effective scale, by banks of the country, exporters and importers and manufacturers and producers generally, and

Whereas, The identification of the American Bankers Association with this plan has been consistently and progressively in accordance with the reiterated policy of the Association, therefore, be it

Resolved, That the Administrative Committee of the American Bankers Association notes with approval and satisfaction the development of this policy in Mr. McHugh's plan and urges, as an essential to its success, the acceptance by Mr. McHugh, of the position of Chairman of the Board of Directors of the foreign trade financing corporation to be organized under the plan formulated by his committee and endorsed by the Executive Council of the Association.

Constitutional Revision

The proposed revision of the constitution of the Association was considered and a tentative draft of the revised document ordered to be sent to the members of the Executive Council. It is understood that no very radical changes are contemplated. It is proposed to change the general structure or outline of the constitution by removing many

of the administrative provisions from the present constitution and placing them in the by-laws where they more properly belong. In other words, it is proposed to have the constitution include the necessary provisions for the general government of the Association and leave methods of operation to be regulated by by-laws. It is contemplated that the constitution can be amended only by the members of the Association in convention assembled and that the by-laws may be amended by the Executive Council as experience and circumstances from time to time may determine. The general purpose of the proposed constitution, as well as any by-laws that may be adopted thereunder, is simply to facilitate the operation of the association without changing in any material way the rights and duties of the convention, the Executive Council, the Administrative Committee, or the coordinate officials in charge, respectively, of the executive, legal and financial departments.

Association Announcements

Confidential Booklet of Protective Committee

Members are reminded of the small confidential booklet issued by the Protective Committee, which is bound in paper cover and measures 3½ by 6½ inches. It contains the rules of the committee, as well as interesting and important information bearing on the operations of criminals. A copy of this booklet has been furnished to every member, but if it has been misplaced another may be secured upon request.

Membership Dues

UNDER the Constitution of the American Bankers Association the annual membership dues are payable in advance as of September 1. Heretofore it has been customary for our Treasurer to forward drafts direct to each member through the bank with which he has been affiliated. This year, under date of September 1, the members will receive direct from the office of the Association at New

York a certificate signed by General Secretary G. E. Bowerman and countersigned by Harry M. Rubeys, Treasurer. This certificate, including subscription to the *JOURNAL*, indicates that when the annual dues have been paid to The American Exchange National Bank, New York, the holder is a member in good standing to the close of the fiscal year ending September 1, 1921 (your bank draft is a receipt for your dues).

Accompanying the Certificate of Membership is an insert showing dues paid to September 1, 1921, which should be placed promptly in the metal sign indicating membership and the sign should be displayed in a conspicuous place over the paying teller's window.

The membership of the Association comprises 22,400 banks, trust companies and private bankers, which is the largest in the history of the Association. In order to avoid unnecessary correspondence, members are respectfully requested to honor these certificates promptly when presented and thus facilitate the collection of the annual dues.

PLEASE REMIT IN NEW YORK FUNDS DIRECT TO THE AMERICAN EXCHANGE NATIONAL BANK, NEW YORK, MAKING YOUR CHECK PAYABLE TO THAT INSTITUTION.

SCHEDULE OF ANNUAL DUES

Banks and trust companies (based on capital and surplus) as follows:

Less than \$100,000..	\$10
\$100,000 and less than 250,000..	25
250,000 and less than 500,000..	35
500,000 and less than 750,000..	50
750,000 and less than 1,000,000..	75
1,000,000 and less than 2,500,000..	100
2,500,000 and less than 5,000,000..	150
5,000,000 and less than 10,000,000..	200
10,000,000 and over.....	250

PRIVATE BANKERS AND BANKING FIRMS:

Dues are based on capital employed in their business per schedule above.

DUES FOR BRANCHES OF ANY OF THE ABOVE CLASSES OF MEMBERSHIP:

With separate capital, same as schedule. Without separate capital, specifically set aside therefor, \$10.

Dues for mutual and cooperative savings banks or institutions without capital are based on their surplus or reserve fund, as per table above.

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Questionnaire

To aid the Committee in determining the usefulness of the JOURNAL to our membership and whether it shall be discontinued or not, will you please answer the following questions and immediately mail your reply to G. E. Bowerman, General Secretary, 5 Nassau Street, New York City.

SPECIAL JOURNAL COMMITTEE

Do you read the JOURNAL? *Yes*____. *No*____.

If not, what can be done to make it more interesting?

Would you favor a semi-monthly bulletin of strictly American Bankers Association matter in lieu of the JOURNAL as now conducted? *Yes*____. *No*____.

Should the JOURNAL carry advertising? *Yes*____. *No*____.

International Commerce Chamber Formed

American Bankers Association Delegates Participate in Organization Sessions at Paris of an Undertaking Designed to Facilitate the Commercial Intercourse of Nations

By William F. Collins

Secretary Committee on Commerce and Marine

IN the International Chamber of Commerce, formed at Paris, June 23-July 3, by delegates representing five foundation countries, Belgium, France, Great Britain, Italy and the United States, an undertaking in which the American Bankers Association has evinced much interest and in the organization of which it importantly participated, assumes a form expected to be both definite and practical. The International Chamber, the formation of which directly resulted from the International Trade Conference, held at the invitation of the Chamber of Commerce of the United States at Atlantic City last October, is designed to facilitate the commercial intercourse of nations, to secure harmony of action on all international questions affecting commerce and industry and to promote peace, progress and cordial relations among countries and their citizens by the cooperation of business men and their organizations devoted to the development of commerce and industry.

Five hundred delegates attended the organization sessions at which, in addition to the adoption of a constitution and the establishment of the initial machinery of the Chamber, a number of important actions, relating to international commerce and finance were taken.

The Administrative Council of the Chamber consists of a board of directors. M. Etienne Clementel, a member of the French Senate and formerly Minister of Commerce in the Cabinet of that republic, is president of the Chamber and chairman of the board. There are four vice-presidents, or vice-chairmen, each one of whom is *ex-officio* a member of the board. They are:

M. Edouard Empain, a Belgian banker; Mr. A. C. Bedford, chairman of the board, Standard Oil Company of New Jersey, and vice-president of the Chamber of Commerce of the United States; Albert J. Hobson, president of the Association of British Chambers of Commerce, and Rolando Ricci, an Italian Senator. The president and vice-presidents all are elected for a term of two years.

On the board of directors are three persons chosen from each of the five foundation countries, provision being made for additional directors from countries hereafter represented in the Chamber's membership and for additional directors as selected by the board. The three American directors are Edward A. Filene, president William Filene's Sons Company of Boston and formerly a director of the Chamber of Commerce of the United States; Willis H. Booth, vice-president Guaranty Trust Company of New York, and John H. Fahey, formerly president of the Chamber of Commerce of the United States. The American alternates on the board are William Butterworth, vice-president of the Chamber of Commerce of the United States; Harry A. Wheeler, vice-president of the Union Trust Company of Chicago and a former president of the Chamber of Commerce of the United States, and Owen D. Young, vice-president of the General Electric Company, New York City.

Among the directors representing other countries are M. Castelyn, a Belgian banker, who is president of the Chamber of Commerce of Antwerp; M. Eugene Schneider, head of the Creusot Iron and Steel Works of France; M. Georges Pas-

calis, president of the Paris Chamber of Commerce; Sir Arthur Shirley Benn, member of Parliament; Walter Leaf, president of the British Institute of Bankers and chairman of the London County, Westminster and Parr's Bank; J. G. Jenkins, vice-president British Producers Association; M. Cassin, president of the Union of Italian Chambers of Commerce; Luigi della Torre, president of the Association of Italian Banks, and Commander Giorgio Mylius, president of the Italian Cotton Association.

M. Dolleans, professor of political economy at the University of Dijon, has been made, temporarily, secretary-general of the International Chamber, and the temporary offices of the Chamber at Paris are open and functioning. The location of the permanent headquarters is left to the discretion of the board of directors. The next meeting of the International Chamber is scheduled for London in June, 1921. There must be a general meeting of the Chamber every two years.

The original board of directors was chosen for each country by the organization group for that country in the Committee on Permanent Organization of the Chamber. This board will serve until the next general meeting and until their successors have been duly elected and have qualified. It is provided, with respect to the board, that in each of the five foundation countries where an appropriate, comprehensive national organization exists and is a member of the International Chamber, it shall elect three members of the board, one for one year, one for two years and a third for three years, and thereafter for terms of three years each. In any founda-

tion country where a single, comprehensive national organization does not exist, the organization holding membership in the International Chamber shall organize a national committee by such method as is best adapted to the condition existing in that country, provided that such national committee is duly representative of the principal economic forces of the country. This national committee will constitute the national organization for the election of directors. In the case of new countries, the business organizations of which are admitted to membership, the directors for such countries, if any, will be elected under order and regulations prescribed by the directors of the Chamber in applying the principles set forth in case of the non-existence of a national organization in a foundation country.

The International Chamber is defined as a confederation of the main economic forces of the countries included in its membership, provision being made, as may be gathered from the preceding paragraph, for the recognition, in such countries as it exists, of a national organization in which such economic forces are united. Eligible to organization membership in the Chamber are national and local commercial, financial and industrial organizations which are representative of the interests they embrace and which are not conducted for individual profit or partisan purposes. Individuals, firms and corporations engaged in business activities in countries the organizations of which are eligible to organization membership in the Chamber are eligible to associate membership. Associate members are entitled to attend general meetings and, subject to the rules of such meetings, shall have the privilege of the floor, but may not vote. They may receive publications issued by the Chamber.

One of the important provisions of the constitution is for machinery for arbitrating differences of opinion on a contract bearing on international commerce. The international headquarters of the Chamber shall, subject to direction and control, centralize data concerning economic and social conditions, the facts of production and requirements and the possibilities of future production and require-

ments; act as a coordinating instrumentality for suggesting regulations and legislative measures to facilitate and encourage economic intercourse; place at the disposal of members and official agencies reports and conclusions, and inform public opinion through the publication of facts concerning business and economic conditions. There will be established in each country represented in the membership of the Chamber a national bureau to cooperate with the international headquarters. Provision is made for referenda.

Bureau of Exchange

The Chamber has adopted a resolution urging the formation of a special committee to study the advantages of establishing a bureau of exchange of foreign credits, and has expressed its belief that it is the duty of sellers in all countries which fought together as allies during the war to do everything consistent with business principles to extend, to the very utmost, credit facilities to buyers in the allied countries during the period of reconstruction. A resolution from the finance committee was heartily supported for restoration of international credit based upon fixation of the amount and the conditions of payment for the debts of all countries. A position was taken against duplicate taxation in more than one country. The increase of production of raw materials was strongly advocated, and the use for reconstruction purposes in the allied countries of raw materials not needed at home was brought emphatically to attention. Attention was drawn to the "existing inequality" of treatment accorded foreign banks under the laws of various nations and the desirability was suggested of seeking practical amendments to secure advantages to be gained by reciprocal privileges. A position was taken in favor of reducing the importation of non-essentials into countries with depreciated exchanges and in favor of inducing foreign investment in home industries. It was the position of the Chamber that Germany should be strictly held to the carrying out of the obligations it has undertaken as to the restoration of the devastated areas and to making full compliance with the terms contained in the peace treaty. A com-

mon nomenclature was proposed for customs tariffs.

Mr. Fahey was chairman of the American group in the Committee on Permanent Organization of the Chamber. President Hawes of the American Bankers Association, who, with Festus J. Wade, president of the Mercantile Trust Company, St. Louis; Willis H. Booth and others was a member of this group, was prevented by duties in America from attending the Paris meeting. The American Bankers Association's delegates at the organization sessions of the Chamber were Mr. Wade, chairman; John F. Hagey, vice-president First National Bank, Chicago; W. L. Hemmingway, vice-president National Bank of Commerce, St. Louis; Mr. Booth, and John Bollinger, vice-president National Shawmut Bank, Boston.

North Dakota

Several important addresses marked the thirty-sixth annual convention of the North Dakota Bankers Association, held at Valley City, July 14 and 15, among them "Much Reading and Little Understanding," by Dr. Willard Scott, Brookline, Mass.; "The Work of the Committee of Education of the American Bankers Association," R. O. Kauffman, cashier Union Bank & Trust Company, Helena, Mont.; "Peace Time Program of the American Red Cross," by S. C. Thompson, assistant director Health Service, American Red Cross; "The Problems of the Country Banker," M. J. Dowling, president Minnesota Bankers Association; "Banking and Transportation Problems at This Time," Wesley C. McDowell, director Federal Reserve Bank, Minneapolis, and "The American Bankers Association," by A. A. Crane, vice-president First National Bank, Minneapolis. Officers elected include, president, H. P. Beckwith, president Northern Savings Bank, Fargo; vice-president, W. F. Hanks, cashier State Bank of Powers Lake, Powers Lake; treasurer, M. O. Gransgaard, vice-president First State Bank, Rogers, and secretary, W. C. Macfadden, Fargo.

The Banks' Unused Asset

By *Herbert Everett*

Vice-President Einson Litho, Inc.

THIS is an age of salesmanship. We are all selling something, one way or another, and it is the man or the corporation—or, to be specific, the bank—putting the best foot forward through salesmanship that attracts the most public attention.

Of course, it goes without saying that, unless the person or corporation or bank backs up its salesmanship with "the goods," no "repeat orders" will follow; neither the man nor the goods will stay "sold." Success comes by good salesmanship followed up by good merchandise.

Generally speaking, the bank is in an analogous position with the retail merchant. The bank sells banking service, and it depends upon the public for its customers. It gets its customers by some form of salesmanship and holds them by giving satisfactory service—"delivering the goods."

But it is only within a relatively short time that banks have begun to awaken to the value of advertising as a phase of salesmanship necessary to their business success. Such advertising as they have done has been largely limited, however, to booklets, etc., publication space and circular letters.

There is one advertising medium, less expensive to operate than any media now being used by banks, that has been largely overlooked. It is the bank window, the face, so to speak, of the bank.

The general retail selling world, too, has been neglecting the window, and has only just begun to awaken to the real and intensive value of its store windows. Walk along the main retail thoroughfare of any city or town in the country and note the efforts, crude in the main, of the retail merchants in their expression of themselves and their merchandise in terms of window displays. Then remember back a decade or so and you will recall that little or no use was made of the retail windows as a means of advertising the goods and the store.

A recent investigation by a well-known business efficiency engineer has disclosed the significant fact that window display space of retail stores is estimated to represent 60 per cent. of the gross sales. The results of this investigation check up entirely with my own experience and personal contact with the retail business as a whole. Recently in discussing the subject with a number of drug store proprietors, it was learned that they estimated the value of their window displays at 400 per cent. to 1,000 per cent. increase in the sales of the goods displayed in the windows. They further showed that of their gross sales from 50 per cent. to 75 per cent. is directly or indirectly traceable to the merchandising use of their windows.

The bank business is just like any retail business. It is selling something—something which, of course, is not quite as tangible for display purposes as other forms of selling, but which can be utilized, nevertheless, for effective display. The first time any general use was ever made of their windows by banks was during the war, when practically every bank in the country displayed in its windows the Liberty Loan and other posters issued by the government. Never before, and not since then, have bank windows been, as a whole, as interesting or attractive as they were during those times.

A few of the larger banks in the country have taken a lesson from that experience. Knowing the value received from window displays of those government posters during the war, these banks are continuing the practice of making use of their windows as an advertising medium, and are receiving very tangible and concrete results from such advertising.

A bank in Los Angeles issued a little booklet last year entitled "Your Will." This it distributed to all its regular customers through the mails. Then, in order to get a distribution of the booklet among people who were not its customers,

it built a window display, using the booklet as the basis. A poster, which occupied a prominent place in the display, announced that free copies of this booklet could be obtained inside. The display was simple, but it proved to be very effective and a great many hundred copies of this booklet were distributed.

This bank also made use of a window display of small home savings banks to stimulate business in its savings department. A large poster was placed beside the pile of small banks on which was a strong and brief selling talk. A large number of new savings accounts were opened as a direct result of this window.

A very shrewd series of displays was used by the same bank, based on the idea of "Made in Los Angeles." It showed in its windows the goods of a number of local manufacturers. A brief description of one window will give the clue to the method used. I quote from an article the outline of one display: "In one of its large windows was a display showing how glass is manufactured. Well to one side of the window and to the right could be seen the raw materials which enter into the manufacture of glass, while by the side of each pile of chemicals a poster defined the material and gave the name of the place from which it was secured. Molds of various sizes and different designs, with other tools used in the manufacture of glass, made up another part of the display. Bottles in different stages of manufacture, as well as other articles of glass, many of them in fancy shapes and variegated colors, contributed materially to the attractiveness of the exhibit."

What has a bank—any bank—to sell? Service, that is all—and that is a great deal. If service is what a bank's customers buy, the statement of their service is what the bank should put into its windows.

How? The answer is contained in each bank's definition of what

constitutes the elements of its service. Following are a few examples of window salesmanship showing what can be done with all these elements of banking service.

In the first place, the bank intending to make use of its windows should put one of the bank's young, wide-awake fellows in charge of window advertising. Make him responsible for originating and arranging the displays. A young man is more likely to be original and different in merchandising and "staging" the windows than a man of more mature, conservative years, who has been a long time in the banking business. While a young man's ideas, in the beginning, may be crude and even extravagant, they always can be toned down by an older executive to whom he is directly responsible.

If the bank be a commercial bank, a line of procedure for educational window displays is indicated by the fact that most people, and many business people, do not know banking methods and facilities. It is a very simple matter to make use of the windows of a bank to indicate what these methods and facilities are.

Make arrangements with a neighboring sign writer or letterer to letter for you a series of twenty-five cards, one for each banking day in the month. Each card should be approximately 2x4 feet. At the top of the card should be the day of the month. Underneath, on one card, should be lettered in large display, "What is a certificate of deposit?"—followed by a brief description of a certificate of deposit and its value to the customer.

Similarly, other features of the banking service should be taken up, as, for example, What are bank money orders? How shall I negotiate a bank loan? What is the correct way to indorse a check? What is a commercial letter of credit? How are bank collections made? What is the value of a bank draft? What are bank discounts? etc., etc.

These and other elements of commercial bank service can be taken up, one by one, and described on these cards. Each day a new card is put into the bank window. It

will not be long before passers-by will begin to notice and to read the useful information on the cards as they pass by the bank window.

If the bank be a savings bank, a similar procedure could be followed. For example, a series of display cards could be lettered, reproducing quotations from eminent men on the subject of saving—a different excerpt for each banking day of the month.

If a special savings drive be in order, it would be a good plan to put a large pile of savings deposit books in the window. Beside this pile of books could be a card reading, "Have you one of these in your home? If not, eventually you will—so why not now? A dollar opens an account."

Special Service Displays

A series of window displays of a little more elaborate character could be based on the idea of showing how savings bank accounts naturally grow. For example, there could be shown a series of cards, say one each day. The first would show how Mr. A. B.'s account was opened with a \$5 deposit on January 10, 1917, which, by consistent saving, has grown to be \$800 on March 1, 1920. The name in each case would, of course, be a fictitious one, and a statement to that effect should be made on the card. A series of cards of this kind would constitute a concrete example to the passer-by of how savings will grow.

In the case of a trust company, the same simple method of card displays could be used. The various elements of service which enter into trust company business could be explained on a series of window cards such as has been suggested for commercial banks.

Generally speaking, the man who has charge of the bank's window displays should try to think of the window display somewhat from the point of view of the stage manager. He should have it as dramatic as is consistent with the subject matter to be advertised.

Suppose he were making a window display with direct appeal to

women, the idea being to stimulate women to open checking accounts for their household expenses. Let us say that the basis of this display would be the featuring of a small folding check book—small enough to go into the conventional handbag in which a woman carries her purse, her handkerchief, etc.

To build up this display properly I suggest securing from a nearby furniture dealer a handsome dressing table. Then borrow from a department or jewelry store a complete dressing table toilet set—all of the necessities to make the dressing table appear to be in real service. Also secure a silk handbag, lay it on the dressing table, open, in such a way that its contents, particularly the check book, are visible. Finally, a window card should have hand-lettered on it "Pay your bills by check. A check is a receipt. We supply our depositors with small, folding check books."

This may seem a bit far-fetched at first thought—the idea of putting furniture and toilet articles and whatnot in a bank window—but that very element of "differentness" has its advertising value. Do you suppose for a moment that a woman would pass by a bank window with a display of this kind in it? Since it would stop women and cause them to look and to read the card, does it not serve its purpose—advertising the facilities of the bank?

A man with any advertising ingenuity and merchandising sense will do well to watch closely for just such opportunities to do the unusual in the bank window. We have come to think too much in the cut-and-dried terms of facts and figures concerning banking. A bank is a human institution and the more human it is presented through window displays the more it will appeal to the general public.

Don't be afraid to do the unusual or spectacular thing. This does not mean that you need to go into freakishness in window display, but it is only the unusual—the out-of-the-ordinary or common custom—that will attract attention.

The bank's window is a genuine advertising asset. The more it is used the more valuable it will become.



The Place Where Money Is Made

By E. E. MOUNTJOY

Secretary National Bank Section, American Bankers Association

TO the average visitor in Washington, D. C., the mammoth government buildings represent activities with which he is familiar only in a meager way. Among these is the Bureau of Engraving and Printing, which is very properly classed as one of the "be-sure-to-see" places of the city. In this Bureau all the United States notes, bonds, Federal reserve currency, certificates of indebtedness and stamps are produced, and the value of the output for the year ending June 30, 1919, was \$48,754,644,581. This institution is unusually interesting by reason of its being the only place in the United States where paper money and government securities are printed. It is one of the specialized branches of the Treasury Department, the fiscal arm of our government, and is presided over by a director.

The home of the Bureau of Engraving and Printing is a modern, fireproof building erected in 1913 of Bedford stone at a cost of \$2,325,000, or 25 cents a cubic foot. It is 505 feet long and 296 feet wide with four stories, an attic and a basement, being in the form of the capital letter "E," though having four wings instead of three. It contains 428,000 square feet of floor space and there are 30,000 windows, comprising 60 per cent. of the total wall area. On each floor there is a narrow mezzanine walk having a total length of 1,800 feet, from which the visitors observe the activities of the workers, being thus in no way a hindrance and lessening in no respect the effect of the extreme

care exercised to prevent loss of securities. Special ventilating systems change the air in all rooms two or three times each hour, and the refrigerating plant produced 608 tons of ice during the past year at a cost of \$3.35 per ton, including overhead expenses and depreciation.

From a small force in one room of the Treasury building in the early 60's, this Bureau has grown to its present proportions, employing about 7,000 persons. It is truly Uncle Sam's greatest manufacturing plant.

The first step in the process of producing a note or bond is the preparation of a design by an artist. The work of the designer is very delicate, is prosecuted with extreme care to embody the exact ideas submitted, and must receive its final approval from the Secretary of the Treasury. Protection to our money supply demands the employment of such designs as are most difficult to counterfeit. It is generally conceded that the portrait more nearly than any other part of a note defies imitation, and for that reason offers to the note its greatest safeguard.

When the design for a security is accepted it is given to the engravers to be reproduced on a steel plate. The public seldom sees these experts at work, for the delicacy of their task requires that their attention be not diverted to disassociated matters. Weeks and months are required to complete a single engraving. Printing is never done from original engravings, of which there would need be a great number to supply the numerous presses used,

and to insure absolute uniformity in the plates it is necessary to effect reproductions through mechanical processes. By means of a double transfer operation under great pressure the original engraving is impressed upon another plate of steel artificially softened. This plate is termed a die and from it, when hardened, there can be produced, in a manner similar to that just stated, as many duplicate plates as may be desired. The plates then ready for use are placed in burglar-proof and fireproof vaults and removed only upon order from the Secretary of the Treasury to print a certain number of securities from them. Once given to the printer, he is responsible for them and must return them to the vaults at the close of the day.

All printing is done on distinctive paper made only for the United States Government. The distinguishing feature of the paper on which notes are printed is the short silk fibers arranged irregularly in rows on the back of the sheets. This is an exceptionally fine quality of paper and is known as fibre paper. That upon which stamps are printed is a much less expensive grade and is known by its special water marks. Before being printed all paper must be dampened. It is then assigned to the individual printers, and each one is held to strict account for the exact number of sheets delivered into his hands. All machines are mechanically driven and each one is attended by a printer and an assistant. One impression prints four notes or 400 stamps. The plates are inked and

polished by hand. The sensitiveness of the human hand produces results far more satisfactory than could any polishing device ever perfected. The printing of a note requires three distinct operations. The first time through the press the back of the note is printed, after which a drying period of about twelve hours is required. The second impression prints the face of the note and the third one the number and the seal.

The seal placed upon all paper money is perhaps the oldest device in America. It was adopted even before the formation of our government. That it was selected at a time when there was no thought of more than one nation upon this continent is evidenced by the use of an abbreviation for the words "The-sauri Americae Septentrionalis Sigillum," meaning "The Seal of the Treasury of North America."

After each stage of the work in the Bureau the sheets are counted by experts, and in addition each machine through which the sheets pass counts them automatically. Another important branch of the work is inspection. To the casual onlooker it seems that at least the slight defects must escape detection. However, this division is a corps of experts and their trained eyes catch imperfections that a fairly careful examination by one not familiar with the work would fail to reveal. The imperfect sheets are very, very few, and, of course, they must be accounted for as strictly as the perfect ones. Finished work is tied in bundles of 100 sheets each, wrapped, sealed and placed in vaults to await shipment.

Postage stamps require but one printing, after which they are sent to the gumming division. There they are fed under a glass roller, from which the gum is transferred to them as they pass on the way to a heated box, through which they are drawn and dried in one minute. They are then, the same as notes, arranged in packages of 100 sheets, wrapped, sealed and made ready for delivery through the post-office to the public.

This immense printing and manufacturing plant also makes the ink it uses. The base ingredient is byrites, a pulverized rock, the soft, serviceable part of which is separated from the coarse particles by

floating it on water. Only dry colors are used. During the past year a force of twenty-seven men in this department, equipped with the best devices known to the trade, produced 5,047,376 pounds of ink at a cost of 14.8 cents per pound.

The Bureau is open to the public each day from 9 to 11 A. M. and from 1 to 2.30 P. M. Special, courteous lady guides, who are familiar with all details of the sev-

eral operations, usher visitors through the building and interestingly explain to them the various processes as they are observed. Those in attendance upon the A. B. A. convention in October who have the time to visit this unique institution will be shown more than common consideration and will count the experience among the most interesting of the trip.

Association Announcements

(Continued from page 52)

List of Members

A list of members in pamphlet form complete to December 31, 1919, is in the hands of the members of the American Bankers Association. This pamphlet is of special value in connection with the use of the confidential telegraphic cipher code, and members are requested to keep it conveniently at hand for ready reference. The names of the members joining the Association between the date of the pamphlet and the succeeding issue will be found in the monthly JOURNAL.

The JOURNAL also contains information relating to all changes affecting membership and the office of the Association should be notified immediately of any merger or change of title affecting members as no change in the records is made except upon direct information.

Convention Subcommittees

Chairmen of the subcommittees in charge of various phases of the work of arranging for the annual convention of the American Bankers Association, to be held at Washington, D. C., October 18-22, were announced following a meeting of the Executive Committee, of which Robert N. Harper is chairman. The subcommittee chairmen, who will also be members of the Executive Committee, are Joshua Evans, Jr., hotels; Harry V. Haynes, entertainment, and George O. Vass, vice-chairman; Maurice D. Rosenberg, souvenir booklet; W. T. Galliher, badges; W. W. Spaid, music; John Riordan, automobiles; George O. Walson, convention meetings;

Frank G. Addison, Jr., committee on Savings Bank Section; E. P. Wilson, Trust Company Section; W. J. Waller, National Bank Section; G. W. White, Clearing House Section; Maurice Otterback, State Bank Section.

No Special Railroad Rates for the Convention

Application for reduced railroad fares was made for the occasion of the convention to be held at Washington, D. C., but the Association was advised that since the return of the railroads there has been no change in the policy adopted by the administration for the granting of reduced fares. Special fares are authorized only for meetings under restricted conditions covering religious, fraternal, educational and military organizations, and as the American Bankers Association does not come within this scope, reduced fares will not be granted.

State Secretaries Section Arrangements

The State Secretaries Section at the A. B. A. Convention will be in the Fairfax Room, New Willard Hotel, which is located immediately opposite the general registration headquarters. The secretary of the Section, M. A. Graettinger, is in communication with the chairman of the Hotel Committee to obtain floor plans of the hotel for the purpose of submitting one to each of the secretaries with rates. Each secretary will then be in a position to make his own arrangements for space.

Cooperation with the Farmer Needed to Steady the Nation's Business

By LEWIS E. PIERSON

Chairman of the Board, Irving National Bank, New York

"COOPERATION with the farmer needed to steady the nation's business." Of course, cooperation is needed. Could anything be clearer? This splendid body of Americans, producers of the things we must have in order to live, form such a large part of the rank and file of our people, their function enters so importantly into the nation's processes of production, their judgment plays such a large part in the formation of national policy, that merely to direct attention to these things is sufficient to convince any reasonable person of the importance of cooperating with them.

Cooperation of any kind, to be effective, must be based upon at least two things—a willingness to get together and a condition of things which makes it possible for the different elements to get together to their mutual benefit or to the benefit of something in which they may be mutually interested. Oil and water will not mix, and the different elements in our population will not come together in any proper combination until they have been brought to the point of realizing that they are able to get together, that they can afford to get together and finally that they should get together.

There are countries in which the distinction between the classes is fixed and definite. In America it is our boast that such distinctions are neither definite nor fixed. The environments in which the individual works and lives change so frequently and so rapidly that the stamp of class identification has become exceedingly indistinct. What an interesting task, for instance, to classify the man who owns a farm and operates it, whose children have university educations and possibly travel abroad, and who drives to a meeting of the bank board of directors, of which he is a member,

in a Pierce Arrow or a Packard car! Yet this type of farmer, and many other types still more complex as regards functions, are found in all parts of this country, and are real farmers, too.

When we talk, therefore, of cooperation with farmers, or with educators, or with any other of our numerous classes, we are covering less than the entire case. The big thing is cooperation between Americans of all our various groups, and such development of the spirit of Americanism that a mutually beneficial coming together will be the logical and easy and natural thing instead of the unusual and difficult thing.

Any conception of citizenship, to be efficient, must include the unfledged and the partly fledged as well as the full-fledged citizen elements in our total population. This thought should appeal with particular force to the farmers of America. Perhaps more than any other group of Americans, they witness the process of making real citizens out of raw material. To them, the "melting pot" is something more than a figure of speech. A very large portion of the work upon which agricultural success must be built is performed by men who are learning the lesson of American citizenship. How well and how quickly this lesson can be learned under "open skies and in wide places" is shown in the splendid American farming centers scattered throughout the land in which only a few years ago few who could speak the English language were to be found, and fewer still who had any clear conception of the possibilities of this land to which they had come.

Does the American farmer know that logically he is the natural enemy of disturbances of any kind which tend to interfere with the

normal currents of business? Does he see that if the wheels stop going around it is his raw product which will suffer because unable to reach the factory and the consumer? It is his wheat and corn which will clog freight terminals and side tracks; his fruit and potatoes which will rot in cars and warehouses. Does he realize that when these labor disturbances threaten, the case is largely up to him, and that in the restoration of normal conditions he has a very definite responsibility?

Down in New Zealand, an agricultural country, practically the entire business of the nation was tied up by a shipping strike in a leading port some years ago. The strikers were in full control, the authorities were powerless, the case seemed hopeless. Then the farmers, the people primarily interested, took the case in hand. In a perfectly orderly manner several thousand of them mounted their horses, rode into town, armed, not with guns, but with good, healthy-looking clubs and quietly asserted themselves. Can there be any doubt as to what happened? Can there ever be doubt as to what will happen when in times of disturbance the people honestly, intelligently and determinedly do their simple duty?

The New Zealand case was not one of mob violence so far as these farmers were concerned. They acted not against law and order but in defense of it and to protect national interests at a time when no other power seemed equal to the task. In a country like ours such a demonstration might take on quite a different color and become reprehensible in the extreme. But the New Zealand case is worth consideration as showing the importance in times of emergency of the men who are responsible for the agricultural life of a country.

The Bank Building's Interior

By Alfred C. Bossom

THE June article of this series dealt with the different materials available for the construction and embellishment of the bank building as seen by the passer-by, and in consequence had to comprehend materials which would impress not only the depositor, but also the possible depositor, in addition to forming a durable exterior to the structure.

Psychologically the interior has an entirely different function to fulfill. Over 99 per cent. of those who see the inside of a bank are already depositors or are connected with the institution in some way, and for this reason the first necessity is to use materials which are durable and as free as possible from expensive upkeep, yet pleasing to look upon for a long period, in contrast to the exterior, which receives a passing glance only.

The interior has to be observed by the occupants of the bank for several hours a day, and, therefore, should be generally in soft tones that are not tiring to the eyes.

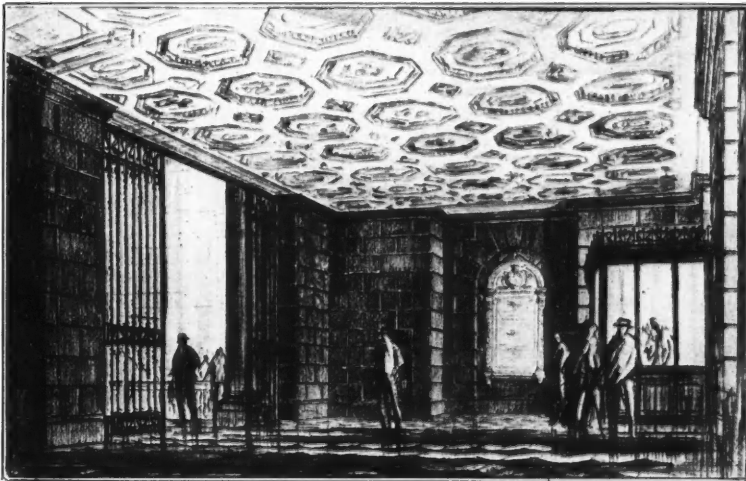
The elimination of noise is another problem which must be met in the successful banking room, for with the number of mechanical devices that every bank uses today, such as typewriters, adding machines, addressographs, etc., many a room is turned into a fair duplicate of a boiler factory, with the result that one of the greatest present-day demands in all banks is for a soundproof room wherein these noise-producing units may be segregated. The treatment of the walls, floors and ceilings materially

affects this sound increasing or deadening condition, and the materials employed can make or mar the workable qualities far more easily than is generally understood. Echoes are produced by sound waves striking hard surfaces and being thrown back in the direction from which they came; but if these plain surfaces be broken up, if they be treated with absorbent materials, the echo can be lessened materially.

The general interior divides itself, in the larger bank, into three units: the entrance vestibule, the main banking room and the security vault department. In the bank of lesser capital these three all melt into each other so readily that they

on elaborate banking fixtures, expensive wall, ceiling and floor treatment; and so, if some existing room be rented or purchased, attractiveness and cleanliness on an inexpensive scale satisfy the requirements. Such a room frequently happens to be in a non-fireproof building, or one in which the floors are constructed with timber. At present-day costs the expense involved in putting down marble floors is not justified, as one of the compositions of cork or rubber can be laid on a mastic on top of the existing wood floor, and if well laid will serve for ten years at least without additional expense. After this time such a bank generally requires a new room

anyhow. Back of the counter good linoleum makes an excellent floor for the bank's employees to work upon, and for the general banking fixtures or counter work, some good hardwood with an 8-inch or 10-inch marble base on the outer side will fully meet the requirements. Mahogany, oak or American walnut for the exposed parts, with birch forming the back construction, are



A striking treatment worked out for vestibule in black and gold marble on walls and ceiling and burnished nickel for metal work with a very lightly colored plaster ceiling. Jersey City, N. J. Alfred C. Bossom, Architect.

appear as one, but in the larger institutions they automatically separate themselves until in the largest banks they are, almost without exception, three entirely separate compartments, often at different levels, but all very directly related each to the other.

The newly organized bank, which has, perhaps, subscribed its capital and a certain amount for surplus, usually is not justified in going ahead and spending a lot of money

suitable and at the same time inexpensive. Practically no marble or bronze work is needed. An attractive room can be produced in this way, capable of accommodating a very substantial amount of business and fittingly decorated for a newly organized, comparatively small institution.

The walls should be treated with a hard plaster and painted without any elaborate strong colors, or panel work. A simple one-tone treatment



Ceiling treatment adapted from the Villa Madama which adds richness in color and gives broken surface to hinder echoes. Greenwich, Conn.

up to the cornice and a plain, simple ceiling complete a fitting picture.

The established bank, which has proven the justice of its existence by a steady growth during many years, and which desires to put itself in permanent quarters, must look at the problem from a different angle. In this case materials should be durable and a floor that will last for twenty years at least must be adopted. Marble, terrazzo (a cement and marble composition), a ceramic tile, or mosaic, or a high-grade rubber tile suggest themselves.

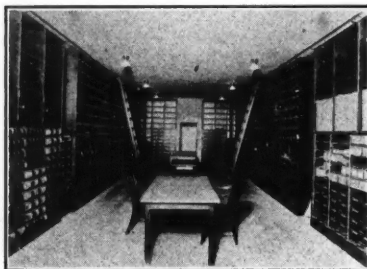
The general banking fixtures, by accepted custom in older institutions today are of marble up to the counter height, and above marble or bronze can be used equally well, though, of course, marble is very much less expensive, but not quite as rich in appearance. Back of the counter screen and forming the floor for the working space, good battleship linoleum or cork tiling form ideal surfaces, as both absorb sound, are satisfactory to walk on and work on, are durable and cleanly.

Cage work, which enters into the banking design at this stage of development, can be either of bronze or iron painted, but when it is painted the paint should be baked on, and it is desirable that the treatment of the mesh be such that all the dust settling in the room does not have a flat surface awaiting it. The wire forming this cage work

should be set on a diagonal so that only a thin upper surface is exposed.

The walls of the general banking room in an important institution are justified in receiving serious and durable treatment. For instance, around the general officers' quarters, up to the regulation height of seven feet six inches of the banking screen, paneling constructed of a hard wood is very appropriate. Marble also can be used advantageously in such a location. In fact, for the working space a wood wainscot is frequently a saving in ultimate expense, for the wheeling back and forth of busses, the carrying of books, etc., damage any exposed soft material so that it is always being repaired and repainted, entailing both inconvenience and expense.

Walls treated with an imitation stone such as caen stone, or with



A place for every book and paper maintains order and system and adds to efficiency. Dallas, Texas.

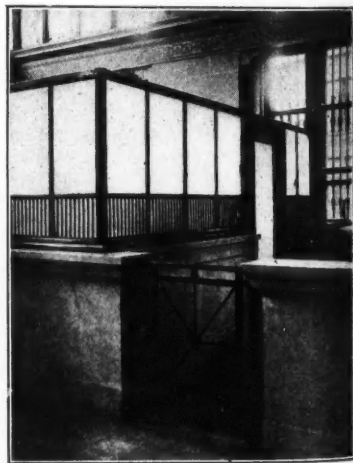
limestone in thin slabs, Travatine or marble add dignity and sumptuousness to such a room, but the expense they incur when carried up beyond a certain height justifies many present-day bankers in hesitating to employ such a treatment, although it is most satisfactory.

The ceiling in such a room calls for an embellish treatment of some sort, for the marbles now most popularly employed are of a monotone character, free from any strong coloring or much breaking up by bands or markings. Therefore the ceiling, by a process of elimination, becomes the spot upon which color relief work and ornament naturally should be concentrated. In this evolution another development has been given unconsciously to the bank for this work. Ceiling surface enriched by coffers, rosettes, mold-

ings, etc., becomes a surface from which echoes return very slightly, and at the same time make it possible to introduce ventilating gratings and hang electroliers without producing unsightly dark holes, which would be the case if such treatment did not exist.

First impressions are always of the greatest importance, and in banks of this size, that is, substantial, established institutions, there are two good arrangements from which to choose. First, there is a vestibule which may act also as an entrance lobby for an office building above, and, second, direct entrance into the main banking room through a revolving door, or a smaller chamber. Where the entrance lobby or vestibule is of considerable dimensions, something striking or unusual is advantageous. It counts very much to the bank's benefit and adds dignity to the main room beyond, which is more stately and serious in character. A certain playfulness of treatment used in this vestibule can be very effective.

Where one passes almost immediately into the main room the lighter the construction of the vestibule the better. Metal in some delicate form naturally furnishes the best solution, for it can be treated as if it were a piece of furniture in the main room, rather than a serious impediment to a passage of visitors to and from the bank.



Simple metal work combined with clear cut marble gives a banking room dignity from which age does not detract. Richmond, Va.

Of late years openness has become the watchword. The old ground-glass idea which allowed all sorts of dirty pieces of paper to be accumulated on the tellers' counters is no longer countenanced. Absolutely clear glass from the counter to the cornice of the bank screen, with the lightest form of metal protection either in front of or behind the glass in the cages where money is used, adds dignity to the room, makes supervision far easier and presents a brightness and welcome which the old-fashioned closed-in treatment never gave.

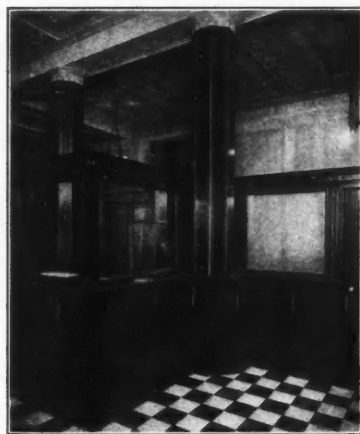
The officers sit in the open, but here again there is a decided movement away from the absolute openness which so frequently was overdone during the last few years. In the larger bank the desire for ready access of the depositor to the officers was carried to such a degree that the officer was unable to accomplish any of his work until after office hours, and now the wish for private and consultation rooms is quickly coming in again, as the need for efficiency and speed of action is becoming greater.

In the safe-deposit quarters in such a bank protection and security must unconsciously be impressed upon the users. The handling of the materials should be rather lavish, not as regards expense, but as regards the size of the individual members. Heavier moldings,

thicker doors, heavier bars, more serious sober coloring all tend to produce this mental impression on the user. Nothing playful or gay, such as the vestibule calls for, is desired here. Steel should not be overused, though the heart of the bank is its vault, and it is necessary to give the beholder a sense of security. An important advertising asset is lost if such an impression is not created. In this part of the bank, above all others, the very best ventilation is indispensable, for in most cases it is either under the mezzanine or at the back of the building, or in the basement. It is here that the depositors have to wait sometimes for hours at a time, clipping coupons, counting securities, all doing various things for which the security vaults are specially intended, and so the sense of comfort created by pleasant surroundings—that is, a certain amount of wood paneling and not much marble—is an advantage. In the major banks, if they may be so called, the principles enumerated above apply to an even greater degree, for the size of the institution justifies a greater expense, which, in turn, means more elaborate treatment for the rarer materials.

The materials desirable for bank interiors are woods, marbles and stones, bronzes, nickels and steels, plaster, rubber and cork tiling, terrazzo, marble mosaic and ceramic tile.

Of the marbles, the local ones of the harder grains are both suitable and desirable for floor construction. The gray and pink varieties from Tennessee form a good, bright floor, which, treated in suitable pattern, can give all the richness any bank may need. These marble slabs should not be too thin, for many of the old, bad marble floors can attribute their failure to having been less than one inch in thickness. One and one-eighth inch to one and one-fourth inch is far more desirable and far cheaper in the end. For the screen work many of the local marbles, like the Tennessee, the San Sabas of Texas and the strong colored marbles from Utah, are good. The softer marbles of Vermont and the larger grained marble of Georgia can be used, though they have a tendency to discolor, which can be prevented, or curtailed, only by giving higher pol-

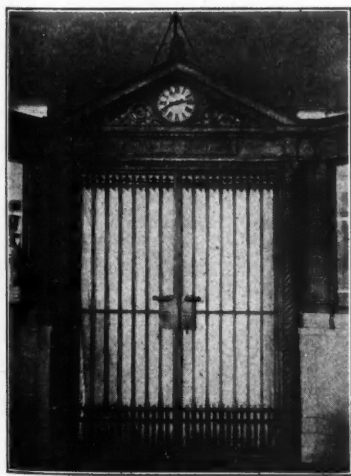


Corner of banking room in rented building, with wood screen having black marble base and Dreadnaught flooring, which, without undue expense, give all the dignity needed.
New York, N. Y.

ishes, which are not restful to the eye, though the expense often justifies the using of such materials where the more expensive, harder ones would be more desirable. Of the imported marbles there is more Botticino, Tavernelle, Hauteville or Rosata used today than all the rest combined, the Siennas and other highly colored specimens being desirable as a rule only in small quantities, as they have a tendency to give a garish appearance. Today a banker can get all of his marble from America if he desires, though the availability of some of the European examples makes them as cheap and rather more pleasing in tone.

Where stone is used, such as limestone or Istrain stone, it can be combined with marble and has been, in many cases, to the advantage of both, but it requires a very large room to stand a great multiplicity of materials.

Regarding bronze, there has perhaps been more trouble with this than any other of the permanently used materials. So frequently artificial finishes have been placed upon it to make it some fancy color, which wear off with very little use, that unless it is plated with another material it is practically universally conceded that its natural finish rubbed down only with oil is the best treatment to give to it. Due to the expense of bronze today there is perhaps less of it being used and



A bronze door in a marble screen adds richness and yet maintains the light appearance desirable in a low room. Durham, N. C. Alfred C. Bossom, Architect.

the average banking room is being improved in consequence. There was too much ornamental bronze work used in the banks of twenty years ago, which became dirty and unpleasant, due to the impossibility of keeping it in first-class condition.

Of the woods that are seen by the public, oak, mahogany and walnut are by all means the three most desirable. Oak was first, then mahogany, and now walnut is taking its place in popular favor; not the highly figured Circassian varieties, but the even-grained, simpler colored American walnut finished in one of the lighter shades. Behind the screen in the working spaces birch can be made to give a satisfactory appearance, sufficiently near in color, and at the same time much cheaper, all of which has rendered it a very acceptable material in the quarters of the bank's employees.

Caen stone, practically a plaster, is a good finish, but when the cost of this is considered, a little extra expense will often introduce a real marble on the walls, which can be cleaned more easily and give far more dignity, although caen stone has been used with marked success in very many instances. Where the plasters are going to receive any wear and tear they should be of the hard varieties and treated with oil and paints with metal corner beads, as without these trouble will ensue from the day of their installation. On the ceilings or in the upper sections a sound absorbent, soft, open plaster should be employed, for the slight difference in expense is very well repaid for the additional comfort to be had from working in a room where every sound does not come back three and four times.

For the terrazzo, ceramic tiles and other floor materials of this kind they are at best but substitutes for marble floors and should not be used except where the finger of cost points so hard that no pennies can possibly be expended which are not absolutely unavoidable. The cork floors, rubber tiles and linoleums all are very desirable surfaces, but must have a foundation which is substantial, and if they are applied upon this secure base they will last indefinitely.

The glasswork of necessity should be clear plate glass with at most a slight silver embossed border.

Electric fixtures should be used

sparingly. They are dust catchers and the lighting system should be arranged so as to utilize natural light as much as possible. Main ornamental fixtures practically never can be designed to give suitable illumination for a bank's workers and special utility lighting has to be used.

In conclusion, the bank's interior

should be serious and dignified, freed from every avoidable upkeep expense, but taking advantage of all the daylight and natural ventilating that can be obtained, for this will create satisfactory working conditions and pleasing places in which to transact business that all the elaborate bronzes and marble never can equal.

Illinois Convention

THE general verdict, as expressed by the delegates and visitors to the thirtieth annual convention of the Illinois Bankers Association, held at Galesburg, June 22-23, was that it was the most successful meeting it has held in many years. There was a registration of 730 bankers and guests.

There were three convention sessions, presided over by Leroy A. Goddard of Chicago, the association's president, who sounded a vigorous note of optimism in his opening address. Although he admitted that the transportation, mining, building and industrial situation was bad, he said there was no cause to believe the nation is going "to the dogs" and pronounced "panic talk" as not only unwarranted, but its agitation as unpatriotic.

The principal speakers were: Arthur Reynolds, vice-president Continental & Commercial National Bank, Chicago, on "Conditions Confronting Us Today"; Richard S. Hawes, President of the American Bankers Association and senior vice-president First National Bank, St. Louis, on "The Bankers' Duty and Influence"; Thomas E. Wilson, president Wilson & Co., Chicago, on "The Live Stock and Packing Industry"; Major Lynn G. Adams, superintendent Pennsylvania State Police, Harrisburg, Pa., on "The Wave of Crime—Its Prevention and Cure," and R. R. Locke, vice-president American Institute of Banking, on "Banking as a Profession."

The Illinois members of the American Bankers Association held a meeting Tuesday afternoon and elected the following: F. T. Moloney, president State National Bank, Mattoon, Vice-President for Illinois; Executive Council members: Wayne Hummer, president

La Salle National Bank, La Salle; Craig B. Hazlewood, vice-president Union Trust Company, Chicago; Oscar G. Foreman, president Foreman Bros. Banking Co., Chicago, and Charles H. Ireland, president Bank of Washburn, Washburn. The election of the last named is contingent upon the securing of twenty-three new members by August 31, which would entitle Illinois to an additional representative.

The convention adopted resolutions favoring the establishment of a state police force; repeal of the excess profits tax, and the imposition of such other taxes as would stimulate production; endorsing the Gore bill now before the United States Congress; pledging cooperation to the Federal Reserve Board in its policy looking toward gradual deflation; counseling thrift and economy in the management of banks, in the businesses of bank customers and in the conduct of local, state and national government, and favoring financial relief for the railroads.

The convention unanimously adopted a report of a special committee appointed to define the association's position relative to a state constitutional proposal for the establishment of funds to be loaned upon the security of farm lands in the state, disapproving the same.

The following officers were elected for the ensuing year: President, William C. White, president Merchants & Illinois National Bank, Peoria; vice-president, John A. Cathcart, cashier First National Bank, Sidell; treasurer, George M. Benedict, president Stony Island Trust & Savings Bank, Chicago; secretary, M. A. Graettinger, Chicago; assistant secretary, O. S. Jennings, Chicago.

Federal Foreign Banking

How An Edge Law Bank Looks to a Man Who Runs One

By *A. H. Titus*

President First Federal Foreign Banking Association

IT has become increasingly clear during the past year that the great credit needs of European countries for reconstruction cannot be solved by any dramatic extension of huge loans by the United States. Our government has loaned all it feels advisable. The position has been taken by our treasury that there is no artificial solution for the European situation; natural laws of commerce and finance, if given full opportunity to operate, will bring about the most healthy adjustment. As various European countries improve their fiscal and business position, they will find foreign credit easier, which is a practical inducement to improvement. In the meantime, depreciated exchange and limited foreign credit, which faces certain European countries, give great opportunities to their local industries which enjoy thereby a species of high protection. The past year has seen this natural adjustment well under way, and there is ground for confidence that the principal European nations are working their way out.

Certain nations in South America and the Far East which are going through a development period when they depend upon foreign loans, similar to what the United States went through not so many years ago, have been anxious to keep up their borrowings to meet opportunities which they see before them. They have had to wait in the main until the world's general credit situation becomes easier.

Although the United States has wisely recognized that world economic revival must depend upon actual improvement and must be gradual, there has been no intention to forsake the field of foreign financing, which in the future must be an important factor in world commerce and in American prosperity.

Congress has met the situation by providing for foreign financing in institutions under Federal charter and having the supervision of the Federal Reserve Board. This legislation is embodied in the Edge Law.

At the close of our Civil War the national banking system was established to meet the situation when our own currency was depreciated and our credit condition was weak. It prevented loose financing and laid the foundation for a sound, strong banking system. The aim of a Federal system of foreign banking is now to provide machinery for granting foreign credits of sound and specialized character.

The first point of strength in this system is that its powers are not vague and broad, but specific and limited. The most important limitation is that no local business may be done, either deposit or discount. Manufacturers have often been urged to allocate a certain percentage of their output to export business; yet, how often has it been true that domestic demands have been given priority and export orders refused. It is the same way in banking. Demands for domestic credit have only recently induced many commercial banks to squeeze their foreign credits to the lowest possible point. There is undoubtedly a certain service advantage in a Federal system of banking entirely divorced from domestic banking.

Principles Different

The principles of domestic and foreign banking, moreover, are somewhat different. The modern commercial bank which does a large domestic business must necessarily keep its funds in liquid condition. Where foreign credits must be of somewhat longer period than is customary in domestic banking, and especially when there is a cer-

tain likelihood that the liquidation might be delayed, such banks are loath to commit themselves to any extent. It is proper that their investments should be limited to a character which is suited to their liquid requirements; they must be ready to pay depositors on demand.

In addition to specializing in foreign credits, Federal foreign banking institutions cannot carry deposits except such as are incidental to their foreign exchange transactions. This means that there is not the same necessity for keeping resources liquid. There should be no misunderstanding, however, of the kind of foreign credits which may be granted. The Federal Reserve Board does not permit a Federal foreign banking association to grant foreign credits which are longer than commercial needs justify. If American exporters were encouraged to grant longer credits than the business necessity of particular transactions warranted, our foreign trade would not be benefited and our foreign customers would be encouraged to utilize American credit for other purposes, possibly of speculative nature.

It is only where the sound business character of an export transaction justifies credit extension of more than the customary ninety days that a Federal foreign banking institution would be in position to grant such credit. There are various transactions of this kind. In certain normal import and export transactions it takes 120 days under present conditions of transportation and mails to round out the transaction. Money must be tied up for this length of time. In other cases special considerations will justify the extension of credit beyond 120 days. Foreign countries will need to buy raw materials which, because of particular conditions of manufacturing or distribution, cannot be liquidated for a

period longer than what is customary in normal times. If credit risks are secure there is no sound reason why special conditions should not be met. In other cases industries will have to be rehabilitated by the installation of new machinery or improvement in transportation and may not be on a paying basis for upwards of a year. A Federal foreign bank, because of the conditions under which it is formed and organized, is permitted by the Federal Reserve Board, in its interpretation of the Edge Law, to handle these special transactions requiring a longer period than can be granted by a commercial bank. This provides for a certain flexibility to meet the particular needs in different parts of the world at the present time.

Federal foreign banking does not mean that credit is to be granted for development projects in foreign countries which may require a considerable period to yield return which may be of speculative character. When conditions become more normal, longer terms of credits of this character may be profitable investments for American capital. They can be handled with greatest protection to the American investor through a Federal foreign bank, which will add its own guarantee to that of the particular security. The great need at the present time is to facilitate the prosecution of normal industry by granting credits for the export of raw materials and machinery, returns on which can come in when liquidated.

According to the regulations of the Federal Reserve Board, the Federal banking association organized under the Edge Law may extend acceptance credits for the essential needs of commerce up to twelve months. Acceptances drawn for six, nine or twelve months, when properly secured, constitute a practical way of extending credit which will be needed in many instances.

Certain firms either without resources of their own or with their own resources fully committed have wished to see banks extend credit without recourse. There is no more reason why Federal foreign banks should engage in this unsound practice than any other bank-

ing institution. The Federal foreign banks may be expected to grant credits which are as carefully investigated and secured as they would be in the case of national banks. The difference is not in the security but in the form and length of term of credits.

The facilities offered by a Federal foreign bank will appeal particularly to American exporters, because the same stress is not laid upon deposits as is the case of the usual commercial bank. Moreover, the exporter may avail himself of additional credit facilities and thereby meet the requirements of a foreign market. Exporters having special problems will find that they can take these up with the Federal foreign bank to advantage because of its flexible powers.

Foreign Credits

There can be no question as to the necessity for building up machinery for granting foreign credits which will be adequate to meet the needs of America's export trade. This cannot be done unless American investors are willing to put their money behind credits of this character. Investors do not have to take the primary risk since they have the bank's acceptance, which is a guarantee. A market must be created for such acceptances if money is to be available for foreign trade. Banks and other financial institutions which depend upon industry and commerce for their success ought to do everything they can to assist industry and commerce. Bank funds can be invested to advantage in acceptances which help commerce rather than in call loans which help speculation. Acceptances must come to be well recognized as a form of investment for funds because of the ample security, short term, and the privilege of rediscount by Federal reserve banks. There is no reason why investment advantages of acceptances should not become constantly better known. In so far as the market for acceptances grow in so far will we be able to offer adequate credit extension to hold and increase American foreign trade. During the past two or three years very encouraging progress has been made in familiarizing the investing public with

bankers' acceptances. Some very important spade-work has already been done. The prosperity of the whole country is dependent upon our foreign trade. Viewed over a period of years, this is quite obvious. To do everything possible to support the machinery for our foreign trade is a form of prosperity insurance.

Instead of rushing to the assistance of other countries with large loans which were not related directly to commercial transactions, we have elected to develop conservatively along the lines of commercial credits. American exporters should take full advantage of these facilities and thereby insure their expansion. American exporters, as a whole, have not had the reputation of being far-sighted. They are said to have been interested in foreign trade only when the domestic market was slack. It is to be hoped that American exporters have learned their lesson and that they realize the importance of keeping intact export machinery and export organization in all seasons. There is the same necessity for encouraging and supporting an institution especially organized for foreign financing.

An opportunity is to be grasped providing we are not dissuaded by temporary local difficulties. The extension of foreign credits is today an infant industry in the United States. It needs encouragement and support. We built up our domestic industries by a form of protective tariffs. Infant industries grew to giant proportions. If our foreign financing can carry through today when it is an infant industry, it has before it the promise of growing up and being able to compete effectively with competitors in other nations.

A certain amount of imagination is necessary to picture the future. It required imagination in the beginning to see the future of such American industries as the petroleum industry, the steel industry and the automobile industry. It is important to recognize at any time the drift in American industry. There can be no doubt that we are tending toward more important participation in foreign trade and foreign financing. We must begin to build machinery calculated to be best suited to this development.

State Bank Supervisors Convention

Meeting of Officials Who Superintend Two-Thirds of the Banking Institutions of America

By George E. Allen

THE nineteenth annual convention of the National Association of Supervisors of State Banks, held at Seattle, July 6, 7, 8 and 9, was an event of exceptional interest.

The subject of "Desirability of State Bank Membership in the Federal Reserve System" was presented by Hon. Marshall Cousins, Commissioner of Banking of the State of Wisconsin, and an interesting discussion followed.

An address on "Blue Sky Law from the Investment Bankers' Standpoint" was made by Andrew Price of the firm of John E. Price & Company of Seattle. The advantages and disadvantages of "blue-sky" legislation were set forth by several of the bank supervisors in attendance.

"Importance of Trade and Bankers' Acceptances" was the subject of an address by Hon. John S. Fisher, Commissioner of Banking of the State of Pennsylvania, who had evidently given the matter careful consideration.

Hon. Chas. F. Stern, Superintendent of Banks of California, presented the subject of "Universal Par Collections as Inaugurated by the Federal Reserve System." A discussion followed in which several delegates recited facts and circumstances peculiar to their respective states.

Other addresses included "Philosophy of Organization," by George E. Allen, Secretary of the State Bank Section of the American Bankers Association; "Advisability of State Banks Establishing or Investing in Foreign Branches or Banks," by Hon. Ira R. Pontius, Superintendent of Banks of Ohio; "The Necessity of National Economy from a Business and Banking Standpoint," by J. W. Spangler,

president Seattle National Bank; "Problems Confronting Our Banks and Supervising Authorities," by Hon. H. S. McGraw, State Examiner of Montana. Discussion of the various subjects presented was full and free and at times of more or less confidential character.

The National Association of Supervisors of State Banks is certainly serving the desired purpose of bringing the heads of state banking departments into closer relationship, and the spirit of cooperation among such officials is manifested in the superlative degree.

Survey of Conditions

President F. W. Merrick, in his annual address, said in part:

"From a national standpoint we have many trying and complex problems facing us today, conditions, perhaps, more serious than we have been called on to adjust in the past, the solution of which will bring to the public attention more forcibly than ever before the institutions which are capably and efficiently managed, and as a consequence, work to the detriment of those institutions wherein weak management is current. Yet, in view of our past achievements, particularly as they pertain to the world war, I cannot help but feel they will be adjusted in a way which will not only be satisfactory, but will reflect credit to those in whom are entrusted the responsibilities. They will not adjust themselves, however, and there is at this time a responsibility attached to every good American citizen to devote his efforts along these lines—to encourage thrift and additional production of essentials, as well as economy in every possible way; to

assist in the curtailment of credit and the decrease in expenditures for luxuries; to advocate on every possible occasion the advantages to be obtained in government investments at present levels. We should exert whole-heartedly our influence in bringing about at the earliest possible date an adjustment of the present unsatisfactory labor conditions and a return to the farms of sufficient labor to bring them to their full productivity.

"One of the serious problems still confronting us is the high cost of living, and in this connection the profiteer, so-called, is the subject of much criticism. To a very great extent the profiteer is a creation of our own which will be with us so long as we permit, and no longer. Profiteering is, however, one of the elements which has caused this condition, but supply and demand are and have been important factors in establishing present prices. Not until we have greater production of essentials will we succeed in reducing the cost of living in any appreciable degree. Production of food products would be greatly stimulated by closer cooperation between our farmer and business man.

"The coal situation is a serious one, and some regulations should be inaugurated which would prohibit the exportation of such large quantities of fuel when the supply is required at home.

"I believe we, as Americans, have come to realize we cannot live unto ourselves alone. As the greatest and most powerful nation of the earth it is not only our duty to mankind to assist in the adjustment of world-wide problems, but it is absolutely necessary for us to do so if we wish to maintain the position we have established.

"Our factories during the war

were greatly extended to take care of war requirements, and while up to this time these additions have been utilized, a considerable portion of the extra production has been for the purpose of meeting demands created—and which we were unable to supply—during the war period. Indications point to the fact that demands of this nature will soon be filled. In order to operate profitably our industries must continue to utilize these additional facilities, and foreign markets for at least a portion of our production must be secured. On that account our bankers and business men should at once interest themselves in developing foreign trade connections, and in order to facilitate trade with other nations our shipping interests should be assisted in every way possible. Foreign trade should also assist in adjusting the present deplorable foreign exchange situation, which, under present conditions is more detrimental to us than to those countries on which the low rate prevails.

"The Federal reserve system continues to be a leading factor in the financial structure of the nation. While some of the policies adopted by the Federal Reserve Board are meeting with strong criticism—which in my opinion is warranted—I still believe our state banks should continue in their active support of it. There is no question of the necessity of such a system, and I think such differences as now exist between it and our state banks can be more readily and satisfactorily adjusted by the state bank members than by those outside the system."

Sentiment in Resolutions

The sentiments of the convention were expressed in the following resolutions:

Resolved, By the National Association of Supervisors of State Banks, in convention assembled:

First: That we do hereby pledge our hearty support of the movement to have Congress so amend the Federal Reserve Act as to permit banks in proper cases to charge and collect reasonable exchange on items.

Second: That we commend the Federal Reserve Board for taking a neutral position on this important question. The Board and the Federal reserve banks should guard against criticisms of every kind and request Congress to make clear their duties.

Third: That this Association does hereby request the American Bankers Association as a whole, and each Section thereof, as well as all state bankers associations, to assist in having the Federal Reserve Act amended so as to permit banks in proper cases to charge a reasonable sum for their services in remitting for items.

Fourth: That the president of this association appoint a committee of five (5) state bank supervisors, which committee shall bring before Congress the position taken by this association on this question, and otherwise assist in the efforts to amend the Federal Reserve Act so as to make plain the right of banks to make such charges.

Resolved, By the National Association of Supervisors of State Banks, that they note with satisfaction the splendid growth, the sound condition and the increasing efficiency of the state banking institutions. The last available official records show that they now number 21,961, with resources of \$29,024,000,000, an increase of 933 in number and \$3,580,000,000 in resources within a period of less than a year. This development is little less than phenomenal and offers gratifying evidence of the measure of public confidence they command and the extent of the service they render.

Resolved, That we record our pleasure at the growing spirit of cooperation and cordiality between the Federal reserve banks and the several state banking departments. We approve the Federal reserve system as a whole and stand ready to cooperate in bringing about such amendments of the law under which it operates and such modifications of practices and policies as will result in a more sympathetic understanding and more harmonious relations between the two systems. We extend our hearty congratulations to the Federal reserve system upon its fine record of growth and achievement. We regret the continued hostility of the Comptroller of the Currency to the institutions under our supervision, and are gratified with the increasing evidence that his attitude is not shared by other members of the Federal Reserve Board and other officials of that system.

Resolved, That we express our admiration for the beautiful and enterprising City of Seattle, which has so hospitably entertained us; our deep sense of appreciation to the members of the Clearing House Association, who have ministered to our pleasure and enabled us to view the unsurpassed splendors of Mount Rainier; our thanks to the Federal reserve officers, to the management of the New Washington Hotel, who have so courteously performed the duties of hosts; and particularly do we make acknowledgment of our deep sense of obligation to the Honorable and Mrs. Louis H. Moore, who were ever attentive to the comfort and happiness of the members of the Association and the ladies who accompanied them. The memory of the good deeds rendered to us during our stay in Seattle will always abide with us.

Resolved, That we extend to Hon. F. W. Merrick and Hon. R. N. Sims our thanks for the faithful and courteous manner in which they have performed

their duties as President and Secretary, respectively, of the Association during the year just closed. We feel that special notice should be taken of the labor performed by Mr. Sims in preparing the comprehensive statement showing the condition and combined strength of the state banking institutions. This work is national in its scope and influence and has already borne fruit in a wide-spread feeling of confidence and in a unity of interest and purpose on the part of state bankers and state banking departments.

Resolved, That the heads of all state banking departments be and are hereby requested to make periodical reports of the condition of the institutions under their supervision to the State Bank Section of the American Bankers Association, for the purposes of publication, upon request of the Secretary of the Association.

Election of Officers

Hon. F. W. Merrick of Michigan was reelected president of the association and Hon. R. N. Sims of Louisiana was reelected Secretary-Treasurer. In reelecting Messrs. Merrick and Sims the association deviated from its own precedents, but aside from graceful protests from the candidates themselves, the insistence upon their reelection was unanimous. Hon. H. S. McGraw of Montana was elected first vice-president; Hon. D. F. Green, second vice-president, and Hon. J. S. Fisher of Pennsylvania, third vice-president.

Michigan Convention

Demand for as earnest patriotism as in the days of the world war, protest against any concession to the theory of communism and recommendation that Michigan's representatives in Congress support the Gore bill, which provides that robbery of a Federal reserve bank or a member bank shall constitute a felony, marked the thirty-fourth annual convention of the Michigan Bankers Association, held at Ottawa Beach, June 28 and 29. Officers elected are: President, John M. Staley, president Peoples State Bank, Detroit; vice-presidents, E. S. Bice, vice-president First National Bank, Marquette, and H. H. Sanger, vice-president National Bank of Commerce, Detroit; treasurer, B. F. Sherwood, president Grand Haven State Bank, Grand Haven; secretary, Mrs. H. M. Brown, Detroit.

Legal Department

Thomas B. Paton,

General Counsel

Personal Use of Fiduciary Checks

FOLLOWING is a partial condensation of the brief of the American Bankers Association submitted to the Committee on Commercial Law of the Commissioners on Uniform State Laws in support of a proposition for a uniform statute to regulate the personal use of fiduciary checks:

The Commissioners on Uniform State Laws in National Conference

Before the Committee on Commercial Law of the Conference of Commissioners on Uniform State Laws.

Brief of the American Bankers Association in Support of Proposition for a Uniform Statute to Regulate the Personal Use of Fiduciary Checks.

The American Bankers Association, with a membership of nearly 22,000 banks, which are daily engaged in receiving on deposit and paying checks and other forms of negotiable paper representing billions of dollars, desires that the Commissioners on Uniform State Laws recommend an amendment of the Negotiable Instruments Act or draft some other form of statute which will remove the uncertainty in the law created by conflicting decisions and provide certain and just rules governing the negotiation and payment of that type of checks and other negotiable instruments which are made or indorsed by officials of corporations or other trustees or agents to their personal order or for their personal uses.

The procedure underlying this request is as follows:

At a meeting of the Executive Council of the American Bankers

Association on May 19, 1919, the following resolution, presented by the Committee on State Legislation, was unanimously adopted:

Resolved, That the General Counsel of the Association be instructed to draft and the Committee on State Legislation to recommend for enactment in the various states where needed an amendment of the Negotiable Instruments Act or other form of statute which will make it reasonably safe for banks to receive on deposit or to pay checks drawn by officials of corporations or other fiduciaries to their personal order.

Further, That the General Counsel endeavor to procure the recommendation of such legislation by the Commissioners on Uniform State Laws.

In August, 1919, General Counsel of the American Bankers Association presented the above resolution to the Committee on Scope and Program of the Commissioners on Uniform State Laws at the time of their annual conference in Boston, which Committee referred the matter to the Committee on Commercial Law of the Commissioners to consider (1) whether legislation was necessary and (2) if so, to draft it and make report at the next annual conference.

On March 26, 1920, the Committee on Commercial Law gave a hearing upon this question at the Bar Association in the City of New York to counsel of various New York banks and General Counsel of the Association and the submission of a brief upon the proposition by the American Bankers Association was invited. Subsequently, at a meeting of the Committee on Scope and Program at the Bar Association on May 14, 1920, the subject was again presented and suggestion made that brief be submitted on or before July 1, to afford ample time for the Committee on Commercial Law to arrange the subject for presentation at the annual conference of the Commissioners in August.

THE BANK CHECK AS CURRENCY

The bank check is the currency of commerce and probably over 90 per cent. of payments to and by merchants, manufacturers, industrial and railway corporations are made with this substitute for actual money. Its fundamental essential is full negotiability by which the bona fide holder for value can take it in payment with the same readiness as he would money, without inquiry into its past history and free from defenses of failure of consideration, breach of trust or other secret equities against the person from whom he received it.

The use of the bank check is not confined to the individual, but it is made and indorsed in enormous quantities by persons in representative capacities. Modern business is now largely conducted by corporations who must necessarily authorize some officer or officers to sign or indorse checks in the conduct of their business and utilize the banks in the payment and collection of such instruments. Executors, administrators, trustees, guardians, receivers and persons in all kinds of representative capacities equally make and receive payments very largely in bank checks which the banks are called upon to receive on deposit and to pay.

THE PERSONAL USE OF FIDUCIARY CHECKS

In the course of this vast daily volume of business conducted with bank checks signed and indorsed in a representative capacity and which the banks are called upon to handle as so much currency, there is legitimate need in thousands of instances for the representative who signs or indorses for or in the name of a principal, to order payment of these instruments to himself or to some other person, both for the

purposes of the principal and for his private uses. If he is the treasurer of a corporation who has been authorized to sign or indorse checks drawn by or payable to the corporation, he uses the corporation check to pay himself his salary, or dividends if he is a stockholder, or expenses of a business trip, or to obtain money to purchase supplies or for pay-roll purposes. If he is an executor he may desire to pay a note and mortgage owing by the estate to a creditor who demands currency and may either obtain the cash from the bank on which the executor's check is drawn or deposit such check in his personal account and withdraw the cash on his personal check. Instances might be multiplied wherein representative or fiduciary checks to personal order or to order of a third person are legitimately used not only to obtain funds or make payments for purposes of the corporation or other principal or *cestui que trust*, but also for the private uses and purposes of the representative or fiduciary.

The banks in all of these cases are called upon to receive on deposit, to pay and to receive in payment these fiduciary checks without inquiry as to the history of the transaction or the purposes for which the checks are being used, of which they have no actual knowledge except where a personal debt is paid to the bank or a personal transaction negotiated therewith, in reliance on the presumption that the representative is acting honestly and is not abusing his authority. In view of the vast number of items drawn or indorsed in a representative capacity which are daily handled, especially in the larger cities, the making of inquiry of the principal as to the authority of the representative would be absolutely impracticable. Such inquiry, if made in any particular case, and the attendant delay, would be resented as an unwarranted and unnecessary interference with the principal's business. The average corporation official, if questioned as to his authority to use a corporation check for his private purposes feels that an imputation is being placed upon his honesty, and much more so if the inquiry is made indirectly of those from whom he derives his

authority. The same thing is true of other fiduciaries. The business world is imbued with the belief that a corporation treasurer or other official or fiduciary who has the check-signing or indorsing power can order payment to whomsoever he pleases, including himself, without hindrance, and any questioning of his right or authority in this regard is resented not only by the official himself, but by his principal.

And so the banks are called upon by fiduciaries to handle all this vast volume of representative checks made or indorsed to personal order or devoted to personal uses as so much currency, signed by a representative who has power to control and dispose of the funds exactly as if he owned them individually and without time or opportunity for investigation or inquiry as to his authority. While it is, of course, apparent from the check itself that the representative is paying or ordering payment of trust funds over which he has control or power of disposition to his personal order or for his private purposes, the theory upon which banking facilities are extended in the collection and payment of this class of paper is that the representative is acting honestly and within his authority and that the banks have a right to rely on this presumption. Such presumption is borne out by the facts in the great majority of cases, but occasionally there is a breach of trust, and under some decisions the doctrine of constructive notice is applied either because of the form of the check or the use to which the instrument or its proceeds is put, and the banks which receive on deposit and pay these instruments are then held to do so at their peril because of the non-performance of an impracticable duty of inquiry as to the authority of the fiduciary to devote the funds to his private purposes.

The law governing this subject at the present day, in view of conflicting decisions of the courts and the uncertainty of application or failure of the courts to apply existing provisions of the Negotiable Instruments Act, is in an uncertain and chaotic condition.

NEED FOR DEFINITE STATUTORY RULES

There is needed the enactment of definite and certain statutory rules governing the situation so that the banker who receives on deposit and credits to personal account an official or fiduciary check made or indorsed by a trustee to himself individually, or who receives a fiduciary check in the payment of a private debt, or charges up a note to the personal account of the fiduciary in which has been deposited fiduciary checks, may know whether any or all such transactions are free from inquiry or whether he is charged with notice from the form of the fiduciary check or the use to which it is put and thereby put on inquiry; and, of course, these rules should apply to all persons to whom fiduciary checks are negotiated, as well as to banks, although the volume of such checks handled by banks is immeasurably greater. It is of the utmost importance that uncertainty be removed and bankers know whether or not they can handle such transactions for their fiduciary customers without risk. Fiduciary paper to personal order should either be fully negotiable, free from the doctrine of constructive notice, or it should not be, and the true rule, whatever it may be, should be clearly defined; for at the present time bankers, on the one hand, are called upon by the commercial world to handle this class of paper without inquiry, and on the other hand, where a breach of trust occurs, the risk and loss is frequently visited on the bank.

WHAT IS THE TRUE RULE?

The general doctrine of following trust funds or property is that whenever a trustee proves faithless to his trust the *cestui que trust* has the right in equity to follow and recover, or impress a trust upon, the trust fund or property which has been wrongfully diverted, into whatsoever form or hands it may come, so long as it may be distinctly traced and identified, until it comes into the hands of a bona fide purchaser for value without notice or the rights of innocent third parties have intervened or until

means of ascertaining the property fails.

The fundamental principle is clearly recognized that when trust property is converted into negotiable paper, which is acquired by a bona fide purchaser for value without notice, it is the same as if it had been converted into actual money and the purchaser is protected.

The question is whether or not the doctrine of constructive notice should apply to fiduciary negotiable paper, so that the bona fide purchaser thereof takes with notice and is put on inquiry from the form of the paper or the uses to which it is put as to the authority of the fiduciary. It would seem that the same reasons—the necessities of trade and commerce—which make negotiable paper an exception to the general rule and protect the bona fide purchaser of a stolen instrument as against the property rights of the former owner, would equally apply to fiduciary paper and that the necessities of business should make such paper freely negotiable by the fiduciary, the same as money in his hands, whether used for the purposes of the trust or for his own purposes.

Should the fiduciary, maker or indorser of a check in any particular instance commit a breach of trust and misapply the check or its proceeds, it would seem that the loss should be borne by the principal who has intrusted him with the control and disposition of his funds and who has power to protect himself by a bond for faithful performance of duty, or in the case of a corporation check, also by countersignature, rather than by the banker who, in extending the usual banking facilities, has merely looked upon the check as representing so much money, and from the nature of the case cannot go further into its past history. The principle is familiar that where one of two innocent persons must suffer loss from the fraud of a third, he who has reposed the confidence must bear the loss. A principal who has been defrauded should not be allowed to visit the loss upon the innocent holder or payor simply because a check, instead of currency, is used. In other words, the doctrine of constructive notice which

would raise an impracticable duty of inquiry should not be applied simply because of the use by the trustee of fiduciary checks for private purposes, in the absence of actual knowledge on the part of the taker that the trustee is making wrongful use thereof.

THE NEGOTIABLE INSTRUMENTS ACT

The Negotiable Instruments Act does not adequately govern the subject, and in many cases its provisions are ignored. Section 52 of the Act defines a holder in due course as one who has taken an instrument (1) complete and regular on its face, (2) before overdue, (3) in good faith and for value, (4) without notice at the time of negotiation, of any infirmity in the instrument or defect in the title of the person negotiating it.

Section 55 provides that the title of a person who negotiates an instrument is defective, among other things, "when he negotiates it in breach of faith or under such circumstances as amount to fraud," and Section 56 provides that "to constitute notice of an infirmity in the instrument or defect in title of the person negotiating the same, the person to whom it is negotiated must have had actual knowledge of the infirmity or defect, or knowledge of such facts that his action in taking the instrument amounted to bad faith."

If a fiduciary wrongfully draws a check to his personal order and deposits it to his personal credit, the bank which pays him the funds might be adjudged a holder in due course under the above provision, as it would have received an instrument complete and regular on its face, in good faith and for value, without actual knowledge of breach of trust or bad faith. But where such check is made directly payable to a bank or other payee for value given, decisions which have been rendered under the Act conflict as to whether the payee of an instrument can be a holder in due course, and where such check is made to the payee for a personal debt there is like uncertainty whether the payee is a holder in due course, it having been so held in one case and denied in another. Furthermore, the Act contains no provisions regu-

lating the authority or rights of the drawee as payor of fiduciary checks.

The rules of the Negotiable Instruments Act are not sufficiently definite and certain in their application to the above situation and the courts in many cases apply conflicting rules which make the law uncertain. The necessary handling of millions of dollars of checks of this character is thus made precarious because of some isolated breach of trust in a particular instance, for which the bank may be made the sufferer.

The following review of some of the cases will demonstrate the conflict and the necessity for the enactment of a uniform statute adequately regulating the subject.

CHECK TO FIDUCIARY DEPOSITED IN PERSONAL ACCOUNT

Cases are cited from a number of states indicating the majority rule that where a check payable to an executor, guardian or other trustee or fiduciary, is deposited to his personal credit and the proceeds checked out and wrongfully used for his private purposes, the bank is not liable, having the right to presume that the trustee is acting honestly. But decisions in Mississippi and Tennessee are cited that such a transaction puts the bank on inquiry, makes it in fact a co-trustee of the fund and liable for misappropriation.

The brief urges that this conflict in the cases shall be removed by statutory enactment and points out that the legislature of Georgia in passing the new Banking Act, which took effect January 1, 1920, has regulated this particular subject in the following section:

Section 42. Deposit by Agent, Trustee or other Fiduciary.—Whenever any agent, administrator, executor, guardian, trustee, either express or implied, or other fiduciary, whether bona fide or mala fide, shall deposit any money in any bank to his credit as an individual, or as such agent, trustee or other fiduciary, whether the name of the person or corporation for whom he is acting or purporting to act be given or not, such bank shall be authorized to pay the amount of such deposit or any part thereof, upon the check of such agent, administrator, executor, guardian, trustee or other fiduciary, signed with the name in which such deposit was entered, without being accountable in any way to the principal, *cestui que trust*, or other person or corporation who may

be entitled to or interested in the amount so deposited.

Nothing herein contained shall prevent the person or corporation claiming the beneficial interest in or to any deposit in any bank from resorting to the courts to subject such deposit, provided such action is brought and served before such deposit is paid out, and to any action brought for this purpose both the bank and the depositor shall be necessary parties defendant. (Art. 19, Sec. 42. Approved August 16, 1919, to take effect January 1, 1920.)

FIDUCIARY CHECK FOR PRIVATE DEBT

The brief cites numerous cases showing that by the great weight of authority the person or bank which acquires fiduciary paper or its proceeds in payment of a private debt of the fiduciary is charged with constructive notice and put on inquiry as to the authority of the trustee.

It is pointed out that the Massachusetts courts first held that the payee of a corporation check given by a corporation official in payment of his private debt was protected under the Negotiable Instruments Act as a holder in due course, but more latterly have indicated a departure from that doctrine; that in Washington and Idaho the courts have taken the ground that under the Negotiable Instruments Act the creditor who takes a fiduciary check in payment of the private debt of the fiduciary takes with knowledge from the form of the transaction and is not a holder in due course but is put on inquiry as to whether the transaction is authorized. The brief also refers to the Missouri decisions, where the rule long prevailed that one accepting a check of a corporation, drawn by an officer thereof in payment of his private obligations, takes the risk of being required to restore the proceeds thereof, in an action as for money had and received, in the event that corporate funds were thereby misapplied.

The brief cites the action of the Missouri Legislature, which on April 9, 1917, changed the rule as follows:

"Section 1. Liability of Corporation, Firm or Copartnership.—If any check, draft or order of any corporation, firm or copartnership shall be given in payment of the debt of any officer, agent or employee, of said corporation, firm or copartnership, the payee or other person collecting such check, draft or order

shall not be liable to said corporation, firm or copartnership therefor, unless it shall be shown that such payee or other person, at the time of collecting same, had actual knowledge that said check, draft or order was issued without authority of said corporation, firm or copartnership.

"Section 2. Conflicting Acts Repealed.—All laws and parts of laws in conflict or inconsistent with this act are hereby repealed."

CORPORATION CHECK NEGOTIATED BY EMPLOYEE TO PAYEE

The brief cites a decision in Tennessee to the effect that where an employee of a corporation purchases from his employer a corporation check payable directly to a creditor of the employee, the payee is not put on inquiry; and a contrary decision in Rhode Island, where an employee wrongfully obtained the corporation's check signed by its treasurer payable to a creditor of the employee, in which the latter was held charged with notice from the form of the check and took no rights thereunder. These decisions indicate a conflict of authority which requires statutory regulation.

CASHIER'S CHECK FOR PRIVATE DEBT

The brief further shows that while the courts almost universally hold that the creditor who takes the check of a fiduciary or its proceeds in payment of the latter's private debt is charged with notice, there is a seeming conflict in making an exception to such rule in the case of bank drafts or cashier's checks drawn by a cashier and given in payment of his private debt.

Cases are cited where the cashier's check given in payment of his private debt has been held to carry no notice to the creditor on the ground that such instruments are regarded by the commercial community as so much cash and cases wherein the contrary is held.

FIDUCIARY CHECK DRAWN OR INDORSED TO PERSONAL ORDER DEPOSITED IN PERSONAL ACCOUNT

The brief cites a number of decisions on this transaction wherein varying views are expressed:

1. Decision of the New York Court of Appeals in the case of the check of

a treasurer of a corporation drawn to his personal order and deposited in his personal account in another bank by which the corporation's funds were misappropriated. The court held that conceding a duty of inquiry of the bank of deposit from the form of the check, such duty was satisfied by presentment of the check to the bank upon which drawn and payment of the check was an answer to the inquiry, the bank of deposit thereby being relieved and the burden or duty of inquiry being transferred to the drawee.

2. Decision by a Federal court growing out of the same case holding that the drawee was under no duty to question such checks and that the mere fact that a corporation check is drawn to personal order and therefore may be improperly used will not require the bank to question it. "But if the bank have knowledge that the officer is using the check for his personal benefit, *e. g.*, to pay his debt to the bank or to deposit it to his personal credit, then the bank is put upon inquiry and if it fail to make it, pays at its peril."

3. Later decision of the New York Court of Appeals in the case of checks drawn by an executor to his personal order and deposited in his personal account in another bank or drawn payable directly to the bank in which he kept his personal account, the funds being thereby misappropriated. The form of the transaction was held not to put the bank of deposit upon inquiry but at the point of time when the bank charged a personal note to the account whereby trust funds were used to pay the executor's private debt, a duty of inquiry arose which made the bank liable for subsequent misappropriations.

4. Still later decision of the New York Court of Appeals in a case where the president of a corporation who had authority to indorse checks but only for the purpose of the corporation business, indorsed checks made payable to the corporation and deposited in his personal account, from which he misappropriated the money. The court held the bank was put on notice from the nature of the transaction and was responsible.

5. Decision of the Supreme Court of Washington, differing in doctrine from the last above, in which checks made payable to a principal were indorsed by an agent and deposited in his personal account and the court held the bank had a right to assume the agent was acting within his authority.

6. Decision of the Supreme Court of Massachusetts which exempts from the doctrine of constructive notice an official check drawn to personal order and deposited in personal account where the bank derives no benefit therefrom.

7. Decision of the Court of Appeals of Kentucky where a bank discounted for a guardian a note payable to him as guardian and placed the amount to his individual credit, the proceeds being wrongfully checked out in payment of the guardian's individual debts. The bank was held not a bona fide purchaser but to have knowingly participated in conversion of the fund.

Following the above citation of the cases, the brief continues:

**STATUTORY REMEDY NEEDED FOR
CONFLICT OF LAW SHOWN BY
THE CASES**

The foregoing citations of cases have been made for the purpose of illustrating the different phases of the situation and with no intent to be exhaustive. Many other cases might be cited. It is apparent therefrom that conflict exists and there is much uncertainty in the law. If the view of a majority of the courts is correctly sensed, the banker can receive on deposit to the personal credit of a fiduciary, checks representing trust funds drawn or indorsed by him to his personal order and can pay his personal checks against the account, without being charged with constructive notice and put on inquiry. To this extent the bank has the right to presume that the fiduciary is acting honestly. But from the moment the bank derives a benefit from the transaction, either by accepting a fiduciary check in payment of a private debt or by appropriating the account to payment of the fiduciary's personal indebtedness, it has actual knowledge that trust moneys are being used to pay the private debt of the fiduciary and it is put on inquiry whether such use is authorized.

But while this is the majority view, there are a number of jurisdictions in which the doctrine of constructive notice is applied from the mere placing of fiduciary checks to personal account and other jurisdictions in which it is not now known what rule will be applied.

In view of the enormous magnitude of the transactions involved and the uncertain position in which the banks of the country are placed, the situation needs early statutory correction and regulation. Two specific state statutes have been cited, the Georgia statute under which a bank may receive a deposit of trust moneys to the personal credit of the fiduciary and pay them out upon his order without responsibility to the principal; and the Missouri statute under which a creditor may receive without accountability the check of a

corporation or firm in payment of the personal debt of the issuing officer or member, unless the creditor be shown to have actual knowledge of want of authority.

If the Missouri statute, dictated by commercial needs and which exempts from the doctrine of constructive notice the creditor who takes a corporation check in payment of the issuing officer's personal debt, operates justly and with satisfaction in Missouri, its principle should be universally adopted and included in a uniform statute recommended for enactment in all the states which will give full negotiability to fiduciary paper payable to personal order or account or used to pay private debts of the fiduciary.

In 1919, the New York State Bankers Association urged the enactment of the following amendment to Section 95 of the Negotiable Instruments Act before the New York legislature and a bill embodying such amendment passed both Houses but was vetoed by the Governor.

Amend Section 95 (Section 56 Uniform Act) to read as follows (new matter in italics):

Section 95. What Constitutes Notice of Defect.—To constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same, the person to whom it is negotiated must have had actual knowledge of the infirmity or defect, or knowledge of such facts that his action in taking the instrument amounted to bad faith, *but the drawing or making of a check or other negotiable instrument against the account of or in the name of his principal to himself as payee, or the indorsement of a check or other negotiable instrument in the name of his principal to himself as indorsee, and in either case the cashing of such check or other negotiable instrument or the deposit thereof to his personal account, by an officer of a corporation, an agent or a person, in any other fiduciary relation, and whether in the case of a check the account against which such check is drawn be in the name of the principal or in the name of an officer, agent or other fiduciary as such, shall not be sufficient to put a bank on inquiry as to the authority of such officer, agent or other fiduciary, or impute knowledge of any infirmity or defect in such check or other negotiable instrument.*

At the hearing in New York City before the Committee on Commercial Law of the Commissioners on Uniform State Laws in March of this year, attorneys for several of the New York city

banks favored this amendment as adequately covering the subject. It would seem, however, that the amendment as drafted omits to specifically cover the use of a fiduciary check in payment of a private debt and also omits to exempt from the doctrine of constructive notice a person other than a bank, to whom fiduciary paper is negotiated or paid in a personal transaction.

If in the interest of commerce, fiduciary paper is to be made fully negotiable, the same as currency and the principal who reposes the trust and not the banking and commercial world take the risk of the trustee's honesty, the amendment should be amplified to cover these points.

The following is tentatively suggested:

Where a check or other negotiable instrument is drawn, made or indorsed in the name of or for a corporation, firm, association, estate or person hereinafter called principal by an officer, trustee, attorney or other agent or fiduciary, hereinafter called agent, to the personal order of such agent as payee or indorsee or to the order of a bank in which such agent keeps a personal account or to the order of any third person, neither the fact that such check or other negotiable instrument is so drawn or indorsed, or is paid by the drawee, or is deposited in the personal account of such agent or is given by him or its proceeds used in payment of his private debt to the bank in which deposited or to any other person or is negotiated by him in any personal transaction shall singly or collectively be sufficient to put the depository or drawee bank or any other person upon inquiry as to the authority of such agent or constitute notice of an infirmity in the check or other negotiable instrument or defect in the title of the agent, in the absence of actual knowledge upon the part of such bank or person that such check or other negotiable instrument was drawn, indorsed, negotiated, deposited or paid without the authority of the principal.

There would seem to be needed, also, to clear up the conflict of authority whether or not the payee of a negotiable instrument for value in good faith before maturity without notice is a holder in due course, an amendment to Section 52 of the Negotiable Instruments Act defining what constitutes such holder, probably to read as follows (new matter in italics):

Section 52. A holder in due course is a payee, indorsee, or holder who has taken the instrument under the following conditions:

1. That it is complete and regular upon its face;
2. That he became the holder of it before it was overdue, and without notice that it had been previously dishonored, if such was the fact;
3. That he took it in good faith and for value;
4. That at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it.

This whole subject is respectfully submitted for the attention and consideration of the Commissioners on Uniform State Laws in the belief that they will recognize the tremendous importance of removing the existing uncertainty in the law caused by conflicting decisions, and recommend for state enactment a uniform statute, either as an amendment of the Negotiable Instruments Act or otherwise, which will adequately regulate the subject. If the present situation is to continue where the banks are daily called upon to receive on deposit and to pay, as so much currency, millions of dollars of checks drawn by fiduciaries to personal order, with no time or opportunity to investigate as to the authority of the fiduciary in each particular instance and in reliance on the

presumption that his use of the paper whether for personal or trust purposes is within his authority, they are certainly entitled to definite legal rules clearly establishing full negotiability of this class of paper. In any event, whether fiduciary paper used for personal purposes be entirely exempted from the doctrine of constructive notice or whether it be deemed wise to maintain that doctrine in the case of paper used to pay the private debt of the fiduciary and make a distinction between such cases and those wherein the fiduciary simply receives the proceeds personally but without knowledge on the part of the bank of the purposes to which he devotes them, the rules of law should be clearly and definitely established so that the banks may know what the law is and what paper can be handled without risk and what they can only take at their peril.

The Negotiable Instruments Act is the pioneer enactment recommended by the Commissioners on Uniform State Laws and, as a codification and uniform enactment of the rules of the law merchant governing negotiable paper

in all the states (Georgia at present the sole exception), it has proved of inestimable benefit to the banking and commercial world. But negotiable paper issued by fiduciaries to their personal order and for their personal purposes constitutes a numerous and important class of the check currency which is not adequately regulated and as to which, when a loss occurs, the doctrine of constructive notice is often applied to the detriment of the innocent purchaser or banker who has dealt with such paper in full faith of its complete negotiability. It would seem the province of the Commissioners on Uniform State Laws to initiate a regulation of this subject by drafting and recommending adequate statutory rules in the interest of certainty of the law and in justice to all concerned.

Respectfully submitted,

In behalf of the American Bankers Association and of its Committee on State Legislation,

By THOMAS B. PATON,
General Counsel,

5 Nassau Street, New York.
June 26, 1920.

Opinions of the General Counsel

FORGED EXPRESS COMPANY MONEY ORDER

Where an express company money order, bearing forgery of signature of issuing agent is cashed by an innocent purchaser and paid by the home office of the express company, it would seem that the latter (although the point has not been passed upon judicially) should be held bound, equally as a bank, to know the signature of the drawer and debarred from recovering.

From Oklahoma—On November 18, 1919, we cashed two American Express Company C. O. D. money orders in the sum of \$100 each which were remitted by us the same day to our correspondent in Oklahoma City. They remitted same to their correspondent in New York and the orders were stamped and cut "Paid on November 24" just six days after we cashed them. Four months after we handled these items, they were returned to our correspondent in Oklahoma City with a statement that same were fraudulently issued and we are asked to make reimbursement.

This we do not feel disposed to do, as these orders were handled promptly by us and were paid by the New York bank six days after we cashed them and the same were held by the bank or the express company four months before notifying us that they were forged. Kindly advise what steps to take in the premises.

From Oklahoma—On November 20, 1919, a bank in this state cashed an express company money order for \$100 for a man whom the teller thought sufficiently identified himself by documents and papers in his possession. The money order was received by our bank in Oklahoma City and was sent through the regular channels and was paid by the express company in New York a few days later. About March 20 the express company discovered that the signature of its agent on the money order was a forgery and sent the item back to the bank to whom payment was made, and in due course our correspondent got the item back with a statement that the amount had been charged to the account of our correspondent. The money order as returned is accompanied by an affidavit from one of the officers of the express company stating that the money order was stolen out of

their offices and filled out by the thief who forged the name of the agent to the instrument. Who should be the loser in this transaction? Is not the express company bound to know the signature of its agent the same as a bank is bound to know the signature of its depositor?

From Missouri—One of our country correspondents deposited with us an American Express Company money order under date of November 16, which was passed through clearing house banks here and delivered to the American Express Company a day or two later. After a lapse of about four months the express company returned the order with instructions that the signature of the agent was forged. We are anxious to ascertain what liability there is on the part of the express company in regard to the forged signature of an agent and how soon should claim be made for refund.

The above questions from (1) a country bank in Oklahoma, (2) a bank in Oklahoma City and (3) a bank in St. Louis were received about the same time and whether they relate to the same or more than one transaction, the essential

facts disclosed in each letter are almost identical. They will, therefore, be considered together.

An express company money order upon which the signature of the issuing agent is forged is cashed by a purchasing bank and the money paid by the express company which, four months later, discovers the forgery and demands restitution. The question is whether the express company has the right to recover the money as paid under a mistake of fact or whether the rule applies that the drawee is bound to know the signature of the drawer and if it pays money on a forgery thereof cannot recover from a bona fide holder.

In an opinion published in Volume V, JOURNAL OF THE AMERICAN BANKERS ASSOCIATION, page 668, April, 1913, we considered a similar question with reference to a forged express company money order containing an agreement that it would be cashed by a number of other agents of the express company and we thought it doubtful whether the rule holding the drawee bound to know the drawer's signature would apply to the case of an agent mistaking the signature of another agent; at the same time pointing out that the rule debaring the drawee from recovering might apply on the ground, as held in *Germania Bank v. Boutelle*, 60 Minn. 192, that apart from the technical fault in mistaking the drawer's signature, public policy would seem to require that as between the payor and a good faith holder, payment by the drawee should settle the matter finally. No positive conclusion was reached in that opinion, one way or the other as to whether the rule holding the drawee bound would apply to express companies which issued money orders, in the absence of a judicial decision which would serve as a precedent.

So far as we are aware, the question whether an express company is bound, as drawee, to know the signature of its agents as drawers of express company money orders has not up to the present time been decided by the courts, but on further consideration we are inclined to the opinion that where an express company money order bearing forgery of the signature of the issuing agent is cashed by an innocent pur-

chaser and paid by the home office of the express company, the latter should be held bound equally as a bank to know the signature of the drawer and be debarred from recovery. Banks as drawees of checks are governed by this rule and are bound at their peril to know the signatures of their customers; equally it would seem that express companies, which in the issuance of money orders perform a banking function, should be held bound to know the signatures of the issuing agents and if they pay on a forgery thereof should be debarred from recovering. The rule holding the drawee bound, in its origin, was not limited to banks, but applied to any drawee upon whom a bill was drawn, and while it has its most frequent application to bank drawees, still the broad general rule that the drawee of a bill is bound to know the signature of the drawer remains in full force, whether the drawee be a bank or other person. It would seem to follow that an express company would be governed by this rule equally as other drawees, with reference to money orders issued by their agents, but until the point is passed upon by the courts in a contested case, the question will not be entirely free from doubt. Until so judicially passed upon, we think the innocent purchaser who has received payment of such an order should take the ground that it is entitled to retain the money and that the express company is debarred from recovering.

Under the rule that money paid under mistake of fact is recoverable, a four months' delay in discovering a forgery (as distinguished from an unreasonable delay after discovery in giving notice) would probably not be fatal to recovery; but the element of four months' delay would not be material should it be held that the express company drawee was bound to know the signature of the issuing agent, for in such case it would be debarred from recovery irrespective of delay.

PAYMENT OF CHECK AFTER BANKING HOURS

Where a check is presented and paid by the bank after the closing

hour as an accommodation to the holder, the payment is valid and an attempted revocation by the customer by notifying the bank to stop payment before the opening hour of the next business day is ineffectual.

From New York—This bank closes at 3 P. M. Shortly after the closing hour a check of one of our customers was presented by the payee who was well known to us and to accommodate him we cashed the check for him. Before the opening hour on the following morning we received a stop payment order from our customer. Was the payment after banking hours valid?

In the JOURNAL for July, 1912 (Vol. V, page 19), we gave quite thorough consideration to a question of this kind and reached the conclusion that where a bank pays or certifies a customer's check after banking hours and the customer before banking hours of the next day seeks to stop payment, such payment or certification is probably valid, although, we then stated, the point had never been directly passed upon by the courts in a case between customer and bank.

Since the publication of that opinion the question has come up before a New York court and a decision has been rendered which supports the conclusion reached. In *Butler v. Broadway Savings Institution*, 157 N. Y. Supp. 532, a by-law of a savings bank provided that the bank should be open for business daily from 10 A. M. to 3 P. M. A depositor of the savings bank was induced to buy mining stock through fraudulent representations and in payment of the stock she gave the seller a draft on the savings bank. It was her custom to draw drafts on her account with the savings bank in payment of her obligations and for that purpose she left her passbook with the bank. The payee presented the draft for payment at the bank at 9.30 on the morning following the sale of the stock. The bank honored the draft and, as was its custom, entered the amount in the depositor's passbook. The depositor meantime repenting of her bargain went to the bank on the same morning, for the purpose of intercepting payment. When she arrived there at 9.40 A. M. she was informed that the draft had been paid. The depositor relied upon the by-law and claimed that the act of the bank in paying the draft be-

fore ten o'clock was illegal. The court held that the payment was valid. It said:

"The bank claims that the payment was valid. If that contention is sound, this controversy is settled in its favor. We have not been supplied with a precedent, and we have been unable to find one. The rule quoted does not expressly prohibit the payment of a draft without the fixed hours. The rule is merely a regulation for the convenience of the bank. There is no evidence that in its terms it was designed to afford special protection to the depositor."

SURETY-MAKER NOT RELEASED BY EXTENSION

Where a note is signed by A, the principal, and B, C and D sign as makers for accommodation, and D pledges a savings bank book with order on the bank as collateral, and after several renewals D refuses to sign subsequent renewals, which are made without his consent, D nevertheless remains liable on the original note which has not been surrendered or discharged by the renewals and his collateral is not released.

From Massachusetts—The X Co. borrowed from us \$1,400. The note was signed "X Co., D, B and C" and there was given as collateral \$500 bond and savings bank book in D's name for \$1,000. We have an order on the savings bank for \$1,000 signed by D. After the note had been renewed several times, D refused to sign it. This was about a year or two ago. Now D makes demand upon us for his savings bank book. The note is still here signed by X Co., B and C, and still calls for the savings bank book in D's name as collateral. What we would like to know is whether we are obliged to give up this book or not.

The Negotiable Instruments Act expressly provides that a person "secondarily" liable on the instrument is discharged by any agreement binding on the holder to extend the time of payment, or to postpone the holder's right to enforce the instrument, unless it is made with the assent of the party secondarily liable, or unless the right of recourse against such party is expressly reserved. *Nat. Park Bank v. Koehler*, 204 N. Y. 174, 97 N. E. 468; *Adams v. Ferguson*, 44 Okla. 544, 147 Pac. 772.

Under this statute indorsers are discharged by an extension of time granted to the maker. (*Union Trust Co. v. McCrum*, 129 N. Y. Suppl. 1078; *Ginsberg v. Greenberg*, 143 N. Y. Suppl. 1017.)

However, inasmuch as the Negotiable Instruments Act expressly enumerates what shall release a party primarily liable and does not include therein an extension of time to another, it is generally held that a surety on a note, who signs as accommodation maker, is primarily liable, and hence is not discharged by an extension of time given to the principal. *Cowan v. Ramsey*, 15 Ariz. 533; *Nortonville First Nat. Bank v. Williams*, 164 Ky. 143, 175 S.W. 10; *Fritz v. Kirchdorser*, 136 Ky. 643; *Vanderford v. Farmers, etc., Nat. Bank*, 105 Md. 164, 66 Atl. 47; *Union Trust Co. v. McGinty*, 212 Mass. 205, 98 N.E. 679 (holding that under the Neg. Inst. Act—Rev. L. Mass. c. 73, §136—specifying the ways in which a negotiable instrument is discharged, and making no reference to discharge by an extension of time of payment, and Sec. 137, expressly providing that parties secondarily liable are discharged by an extension of the time of payment without their consent, a person making a note for accommodation is not discharged by an agreement between the holder and other parties to the instrument extending the time of payment without his consent); *Citizens Bank v. Douglass*, 178 Mo. App. 664; *Nat. Citizens Bank v. Topplitz*, 81 N. Y. Suppl. 422; *Rouse v. Wooten*, 140 N. C. 557, 53 S. E. 430; *Richards v. Market Exch. Bank Co.*, 81 Ohio St. 348, 90 N. E. 1000 (holding that the rule of the common law, that any agreement between the holder of a note and the principal, which essentially varies the terms of the contract by which a surety is bound, without the consent of the surety, will release him from liability, is abrogated by the Neg. Inst. Law, in so far as it relates to one who signs on the face of a note, although in fact a surety); *Cellars v. Lyon* (Oreg.) 89 Pac. 126; *Bank v. Cooper*, (Kan.) 162 Pac. 1169; *Graham v. Shephard*, 136 Tenn. 418, 189 S. W. 867; *Reeder v. White House Bank*, 2 Tenn. Civ. App. 713; *Wolstenholme v. Smith*, 34 Utah 300, 97 Pac. 329; *Bradley Engineering, etc., Co. v. Heyburn*, 56 Wash. 628, 106 Pac. 170.

In the case submitted, D signed the note as accommodation or surety-maker and would not be released by an extension of time

granted without his consent to the principal maker. I am assuming that the original note with D's signature was retained and not surrendered (so that there could be no contention that the original note was paid and extinguished by the acceptance of a renewal) and that the renewal notes were simply taken by way of extension of time of payment of the indebtedness evidenced by the original note, secured by collateral. Although D did not join in the later renewal, he still remains liable on the original note and the passbook collateral which he pledged is not released.

RIGHT OF DRAWEE TO RECOVER MONEY PAID ON RAISED CHECK

Money paid by the drawee upon a raised check is recoverable, but the bank is under duty to give reasonably prompt notice after discovery of the forgery and if it delays for several weeks to give such notice and as a result of such delay the bank which received payment is deprived of opportunity to obtain reimbursement which a prompt notice would have afforded, such delay would probably estop the drawee from recovering the money.

From Oregon—Mr. A, who is a depositor in the First National Bank of X, on our sundry bank list, issued a check to one of his employees in the sum of \$18.02. This employee of Mr. A presented the check to us and asked the cash for same, but before presentation raised the check from \$18.02 to \$81.02. Our teller did not notice that the check had been tampered with and paid \$81.02 on same. The check was then sent in our cash letter to the First National Bank of X, was accepted by them, and their draft issued in payment of this item along with the other checks remitted with it. The discrepancy was not detected until Mr. A received his monthly statement, and then demanded reimbursement from the First National Bank of X. They refunded to Mr. A the sum of \$63, the difference between the two amounts in question. Some weeks after that adjustment had been made the First National Bank of X demanded reimbursement from us in the sum of \$63, the amount which they were out in the transaction.

Kindly advise who is responsible, and if a cause of action can be maintained against us.

The courts in many cases have held that money paid by the drawee upon a raised check is recoverable under the general rule that money paid under a mistake of fact may be recovered back. *Redington v. Woods*, 45 Cal. 406; *Continental*

National Bank v. Metropolitan Nat. Bank, 107 Ill. App. 455; Third Nat. Bank v. Allen, 59 Mo. 310; Oppenheim v. West Side Bank, 22 Misc. (N. Y.) 722.

But upon discovery of the forgery the drawee is under obligation to give reasonably prompt notice to the person to whom the payment was made and the question as to what is a reasonable time is usually a question of fact to be determined under the circumstances of the particular case. However, the person to whom payment was made cannot avoid his liability to refund by showing that he did not receive prompt notice after discovery, unless he also shows that he was damaged as a result of the delay. See cases cited above.

In your case, as I understand your statement, it was "some weeks" after discovery that reimbursement was demanded of your bank, and presumably this was the first notice you had that the check had been raised. If you can prove that this delay of some weeks in receiving notice deprived you of an opportunity for obtaining reimbursement, which would have been afforded by prompt notice, I think you would have a defense; otherwise your bank would be liable for the money received on the raised check in excess of the true amount.

NON-NEGOTIABLE CHECK

A check reading "On April 1st, if then living, pay to order of A" is payable on a condition and is not a negotiable instrument—A bank acquiring such check for full face value from the payee takes simply the enforceable rights of the payee and holds the check subject to defenses of the drawer.

From Colorado—On April 2 there was presented to us a check for \$800 drawn by a life insurance company on a bank in New York. The check read as follows:

"On April 1, if then living, pay to the order of John Smith, \$800."

Mr. John Smith was duly identified at the bank and we paid the money to him. When the check reached the New York bank payment was refused and the check went to protest, the reason being that payment had been stopped by the life insurance company for the reason that one of the employees had overlooked to deduct the amount of \$125 for a loan obtained by the policy holder about a year ago. The payee of the check has left the city and we are unable to trace him.

The question arises whether or not we are a holder in due course by reason of the fact that the payment of the check was conditioned upon the life of the payee on April 1, 1920. As we understand the negotiable instrument law, the payment must be unconditional in every respect and the fact that the condition has been fulfilled before the check is negotiated, does not cure the defect. If our assumption is true, we, of course, would have no recourse on the life insurance company beyond the amount of \$675.

The Negotiable Instruments Act provides that an instrument to be negotiable must, among other things, "contain an unconditional promise or order to pay a sum certain in money." An order to pay John Smith on April 1 "if then living" would not be payable if on April 1 John Smith was dead; such an order is not, therefore, payable absolutely and at all events—in other words, it is not unconditional—and the instrument is not negotiable.

Not being negotiable, the bank is not a holder in due course who can enforce payment for the full amount free from defenses, but is the transferee for value from the payee of a non-negotiable order by a life insurance company upon a bank which has been refused payment. As such, it has acquired such enforceable rights thereunder as are possessed by the payee, but no greater rights.

NOTICE OF DISHONOR

Under the law merchant and the Negotiable Instruments Law, an agent in whose hands an instrument has been dishonored may either give notice to all the parties liable thereon, or to his principal, in which latter event the principal has the same time for giving notice as if the agent was an independent holder.

From Illinois—We are having considerable annoyance lately on account of notaries public, principally in other states, protesting checks and returning us the checks, together with all the notices attached, leaving it to us to mail the notices out to various persons interested. The laws of this state say that the notary public shall, at the time of protesting, mail in the post office a notice to each individual who may be interested in the transaction. Will you kindly advise us if this law is generally accepted in most of the states as quoted above; and also give us your opinion as to whether a notary public could force one of our customers to pay for protest fees when the notices have been bunched and mailed to us as stated above?

Under the law merchant an agent for collection may either himself give notice of dishonor to all parties liable or he may give notice to his principal and the principal himself notify prior indorsers; and it has been held in numerous cases that a bank receiving paper for collection is not bound to notify all the prior parties, but may give notice of dishonor and protest to its immediate principal only. Gleason v. Thayer, 87 Conn. 248; Blue Ribbon Garage v. Baldwin, 91 Conn. 674; Pate v. State Bank, 3 Ind. 176; Seaton v. Scovill, 18 Kan. 433; Moore v. Corning, 12 La. Ann. 256; Eagle Bank v. Chapin, 3 Pick. [Mass.] 180.

The Negotiable Instruments Act codified this rule of the law merchant as follows:

"Where the instrument has been dishonored in the hands of an agent he may either himself give notice to the parties liable thereon, or he may give notice to his principal. If he gives notice to his principal he must do so within the same time as if he were the holder, and the principal, upon receipt of such notice, has himself the same time for giving notice as if the agent had been an independent holder."

Jones & Addington Ill. Stat. Sec. 7733.

When the Negotiable Instruments Act was passed in Illinois in 1907 it repealed Sections 10 and 11 of the Notary Public Act of April 5, 1872, to which you refer and which made it the duty of notaries public in the state, whenever an instrument was protested, to give notice to the maker and indorsers within forty-eight hours, and also provided for personal and mail service of such notice.

It follows that banks or notaries in other states which return protested checks with all the notices of protest attached, leaving it to your bank to mail such notices to the various persons interested, are within their rights in so doing and an express agreement would be necessary to create a duty upon their part to notify a prior party. Whether in such case the notary would be entitled to a fee for each notice, as distinguished from a fee for making and certifying protest, would depend upon the statute of the particular state under which notaries' fees for making protest and giving notice are fixed.

Recent Decisions

This Page Will Contain Recent Decisions of Interest to Bankers, Especially Selected and Prepared in Concrete Form

By THOMAS B. PATON, Jr., Assistant General Counsel

STOCKHOLDER ENTITLED TO SUE DIRECTOR ONLY BECAUSE BANK REFUSES

Through the negligence of three of its directors, a bank suffered a loss of money which exceeded its capital and surplus. The directors, acting as members of the discount committee, were guilty of making and renewing loans when they knew or ought to have known in the exercise of ordinary care, that they were worthless and that the bank was insolvent. The bank refused to compel the directors to make good the loss and a stockholder sued them in his representative capacity. The court held that a director of a bank is liable for negligence in making or renewing a loan or in failing to enforce collection thereof. A stockholder may bring an action against a director to recover for a general loss due to negligent loans when bank refuses upon request to do so and a judgment in such action is for the benefit of the bank and cannot be rendered in favor of the stockholder for his personal loss. *Harris v. Waters and others*. Supreme Court, Wayne Co., N. Y.

INHERITANCE TAX—JOINT PROPERTY

The joint ownership of property has always been considered an artificial and technical estate with the limitation over to the survivor, and such right of survivorship created by law is one on which the state may impose the burden of a tax. But where S., who was unable to write well, and was old and infirm, and unable to travel, deposited his money in the name of himself and V., to be drawn by either or the survivor, for the sole purpose of having such other person withdraw money to the needs of S., no part of such account on the death of V. is subject to the transfer tax. In re Van Vranken's Estate, 179 N. Y. Supp. 752.

NOTE PAYABLE AFTER DATE, WITHOUT GRACE, HELD "NEGOTIABLE INSTRUMENT PAYABLE ON DEMAND"

A note promising payment "..... after date, without grace" is a "negotiable instrument payable on demand" within the Negotiable Instruments Law, Sec. 20, which provides that an instrument in which no time of payment is expressed is payable on demand. *Keister v. Wade*, 182 N. Y. Supp. 119.

FEDERAL TAX ON BANKERS

A trust company has four departments of business, title insurance, trust, safe deposit and real estate, keeping the business of each department separate, and investing its capital, surplus and undivided profits in permanent securities. It adds banking as a fifth department,

using therein only the deposits received. The Act of October 22, 1914, imposing on bankers a tax of \$1 for each \$1,000 of capital "used or employed" is to be strictly construed and the company is subject to a tax only upon so much of its capital as is actually used in banking. While the permanent investments constituted assets that were ultimately responsible for the company's liabilities and indirectly assisted the banking department by furnishing a basis for credit, such assets were not part of the banking capital unless actually used as such and were not subject to the special tax. *Real Estate Title Ins. & Trust Co. v. Lederer*, 263 Fed. 667.

"VALUE RECEIVED" NEED NOT BE PRINTED ON A NOTE

The words "value received" in a negotiable instrument are not necessary to the presumption of consideration, in view of the Negotiable Instruments Law, Sec. 51. *Lasher v. Rivenburgh*, 181 N. Y. Supp. 818.

BANK'S AGREEMENT TO PAY DEPOSITOR'S OVERDRAFTS

A depositor was in the habit of over-drawing his account with a bank, but the overdrafts were paid by the company under an agreement with the drawer. The payee of a dishonored draft brought an action against the bank, on the ground that a series of misdemeanors had been committed under Act April 18, 1919 (P. L. 70), Sec. 1, relating to drawing of checks not covered by deposit or credit. The court held that it was not unlawful for a bank to agree to pay overdrafts, to be terminated at any time the bank might conclude it would no longer incur the risk of the failure of the depositor to make its accounts good. *Brown, et al., v. Mutual Trust Co.*, 110 Atl. (Pa.), 155.

GIFT COMPLETED DURING LIFETIME—TRANSFER TAX

Two separate savings bank accounts were in name of a mother "in trust for" her two sons, respectively, and a large part of the deposits at her death consisted of sons' earnings and gifts to them by their parents, which had by each son been deposited to the credit of the separate accounts. Held, after the mother had delivered a passbook to each of them it might be concluded that the tentative trusts had become irrevocable and the gifts completed during the mother's lifetime, so that the deposits were not subject to a transfer tax as part of her estate. In re Wille's Estate, 111 Misc. Rep. 61, 182 N. Y. Supp. 366.

EFFECT OF NOTICE IN PASSBOOK

The printing in a bank passbook of an agreement with the depositor which releases the bank from liability in case complaint is not made of forged indorsements within ten days after return of the vouchers is held not to bind the depositor, unless it appears "affirmatively that he consented and agreed to it either by being required to sign it or by having his attention particularly called to it. It is not sufficient merely that it appear in the front of the passbook." *Los Angeles Inv. Co. v. Home Sav. Bank*, 182 Pac. (Cal.) 293.

HOLDER IN DUE COURSE CANNOT ENFORCE USURIOUS NOTE

The provision in the Negotiable Instruments Law that a holder in due course holds the instrument free from any defect of title of prior parties, and free from defenses available to prior parties among themselves, does not abrogate the provision of the usury statute and hence a note void in its inception for usury cannot be enforced even by a holder in due course. *Sabine v. Paine*, 223 N. Y. 401, 119 N. E. 119.

GIFT OF CHECK REVOKED BY DEATH OF DRAWER

A depositor delivered his check in the sum of \$4,000 to another intending it as a gift. The drawer had sufficient funds to meet the check, but the bank refused to honor the same, giving a reason later shown to be incorrect. The depositor died before the check was paid and the bank was sued for the amount. The court held that "one cannot make his own check the subject of a gift so that in the absence of payment it can be enforced against the donor or his representatives." There was no valid gift where the check was not accepted or paid before the donor's death. *Edwards v. Guar. Tr. & Sav. Bk.*, 190 Pac. (Cal.) 57.

"SURPLUS" AND "UNDIVIDED PROFITS" DISTINGUISHED

A bank's "declared or nominal capital and surplus" made the basis of an annual license tax does not include undivided profits. The terms "surplus" and "undivided profits" have different meanings in banking circles, the term "surplus" having reference to the fund which has been permanently set apart as such, having been paid in originally by the stockholders for that purpose, or transferred from the undivided profits account. *State v. Exchange Bank of Natchitoches*, 84 So. (La.) 481.

Changes Among Bank Officers

FOLLOWING is a list of changes in institutions which are members of the American Bankers Association, reported to the JOURNAL from June 26 to July 25, inclusive. Members will confer a favor by notifying this department immediately of any changes. Publication will be made only on receipt of information direct from members.

ALABAMA

Huntsville—E. W. McLeon, formerly cashier Henderson National Bank, elected vice-president.

ARIZONA

Mesa—L. H. Van Spankeren elected cashier First National Bank.

CALIFORNIA

Ontario—Douglass R. Leeson, N. E. Trautman and Cecil Y. Dyke elected cashiers Ontario National Bank.

San Francisco—F. L. Lipman elected president Wells Fargo-Nevada National Bank to succeed Isaias W. Hellman, Jr., deceased; H. B. Ainsworth elected vice-president.

San Jose—V. J. LaMotte, formerly cashier, elected vice-president Bank of San Jose; A. B. Post cashier.

San Luis Obispo—C. L. Smith elected cashier Union National Bank; F. A. Carpenter and John G. Cann assistant cashiers.

Watsonville—Charles A. Palm-tag, formerly cashier Pajaro Valley National Bank and Pajaro Valley Savings Bank, elected vice-president to succeed John E. Trafton, deceased; Louis H. Lopes, formerly assistant cashier, elected cashier; George E. Wilson and Jerome S. Dondero assistant cashiers.

COLORADO

Platteville—A. B. Mitchell elected president Farmers State Bank; May J. Sheedy vice-president.

Yuma—E. W. Stevens elected president Union State Bank.

DISTRICT OF COLUMBIA

Washington—Victor B. Deyber, formerly cashier Second National Bank, elected vice-president and cashier.

FLORIDA

Moore Haven—Marian O'Brien elected president First Bank of Moore Haven.

IDAHO

Cottonwood—W. W. Flint elected cashier First National Bank to succeed George M. Robertson, resigned.

ILLINOIS

Chicago—W. L. Burgess appointed assistant cashier Central Trust Company of Illinois; G. V. Stibgen assistant secretary.

Chicago—George Sigmond elected cashier Home Bank & Trust Company.

Chicago—Philip Weinheimer, William A. Handtmann and R. K. O'Hara elected assistant cashiers Union Trust Company.

Freeport—J. F. Smith elected vice-president State Bank of Freeport to succeed Henry Baier, deceased.

Kankakee—F. M. Lockwood, formerly assistant cashier City National Bank, elected cashier to succeed George Errich, resigned.

INDIANA

Clinton—H. H. Eggleston resigned as cashier Ninth Street State Bank.

IOWA

Wright—Oliver Anderson elected cashier Farmers Savings Bank to succeed Ira D. Lyle, resigned.

KANSAS

Bushong—E. L. Hunsaker elected cashier Bushong State Bank.

MASSACHUSETTS

Boston—B. Farnham Smith elected vice-president International Trust Company.

Boston—Frank L. Simpson elected vice-president Metropolitan Trust Company.

Cambridge—Wilbur F. Beale elected president Manufacturers National Bank.

MICHIGAN

Detroit—Walter L. Dunham elected vice-president Dime Savings Bank to succeed C. A. Warren, resigned; T. W. P. Livingstone, formerly assistant cashier, elected

cashier to succeed C. A. Warren, resigned; L. C. Sherwood, D. S. Carnegie and C. E. Partridge, formerly assistant cashiers, elected vice-presidents; Frank F. Tillotson, assistant cashier, resigned; Duncan W. Daker, Fred. D. Lorimer and W. P. Breen elected assistant cashiers.

Marlette—Frank White, assistant cashier State Savings Bank, resigned; E. W. Kiteley and Roy Hunter elected assistant cashiers.

MINNESOTA

Lamberton—H. M. England, cashier First National Bank, resigned.

MISSOURI

Crocker—J. H. Smith elected president Crocker State Bank to succeed T. H. Turpin, resigned.

Kansas City—M. A. Thompson, cashier Midwest National Bank & Trust Company, resigned.

St. Louis—Ralph W. Bugbee elected assistant secretary Mississippi Valley Trust Company.

MONTANA

Butte—J. E. Woodard elected president Daly Bank & Trust Company.

Lewistown—Oliver W. Belden elected president Bank of Fergus County to succeed James E. Woodard, resigned.

Sweet Grass—R. L. Taft elected vice-president First International Bank; Ray G. Barkuloo cashier.

Whitefish—Charles A. Smith elected vice-president First National Bank.

NEBRASKA

Laurel—George A. Wright elected assistant cashier First National Bank, to succeed Walter W. Bennett, resigned.

Lynch—H. M. Holbert elected president Security State Bank; Dan Melsha cashier.

NEW JERSEY

Newark—R. Keisler, Jr., formerly secretary and treasurer Ironbound Trust Company, elected vice-president; F. D. McFadden, formerly assistant secretary and assistant treasurer, now secretary and treasurer; E. F. Reilly, formerly

receiving teller, appointed assistant secretary and assistant treasurer.

Washington—William S. Rittenhouse elected president First National Bank to succeed Johnston Cornish, deceased; Albert S. Harle, formerly assistant cashier, elected cashier; J. DeWitt Groff, assistant cashier.

NEW YORK

New York—Col. Hugh H. McGee appointed assistant treasurer Bankers Trust Company.

New York—John Stewart Baker, formerly assistant cashier Bank of the Manhattan Company, elected vice-president.

New York—G. W. Wright and E. S. Innet elected assistant secretaries Bowery Savings Bank.

New York—Robert I. Curran, formerly secretary Columbia Trust Company, elected vice-president to succeed L. W. Wiggin, resigned; C. E. Wolff, formerly assistant secretary, elected controller; A. W. Hutchins, formerly assistant treasurer, elected secretary; O. C. Wagstaff and F. C. Kelly, assistant secretaries; W. M. Morgan and M. W. Terry assistant trust officers and assistant secretaries.

New York—Andrew Mills, Jr., elected first vice-president Dry Dock Savings Institution.

New York—Arthur W. McKay appointed assistant cashier Mechanics & Metals National Bank.

New York—Guillermo F. Koch appointed assistant secretary Mercantile Bank of the Americas.

New York—Ellery A. Baker appointed assistant vice-president National City Bank; Leo J. Burns

and George A. Kurz, formerly assistant cashiers, now assistant vice-presidents.

New York—Irving L. Bennett, S. B. Silleck, W. H. Taft, 2d, and Lindsay Bradford elected assistant secretaries New York Trust Company; William J. Birdsall assistant treasurer.

New York—John A. Hopper, formerly assistant treasurer United States Mortgage & Trust Company, elected secretary; George A. Jones elected assistant treasurer, Mrs. William Laimbeer assistant secretary.

Patchogue—Sidney N. Gerard, formerly secretary-treasurer Citizens Trust Company, elected president to succeed Walter S. Rose, resigned; Henry L. Reith now secretary-treasurer.

NORTH DAKOTA

Carson—H. Hallenberg elected president First State Bank; A. H. Botten vice-president, Peter Botten cashier, Oliver Tollefson assistant cashier.

OKLAHOMA

Duncan—J. R. Prentice, formerly cashier, elected active vice-president First National Bank; E. E. Brown now cashier.

PENNSYLVANIA

Bellefonte—John M. Shugert, formerly cashier Center County Banking Company, elected president; John Curtin now cashier.

Philadelphia—William C. Rana-gan appointed assistant cashier Northwestern National Bank.

Philadelphia — Arthur Haines

elected secretary Rittenhouse Trust Company.

Pittsburgh—Frank G. Love and J. O. Miller elected vice-presidents East End Savings & Trust Company.

Pittsburgh—Alvin J. Benz elected cashier Fourteenth Street Bank to succeed George J. Paulin, deceased.

Pittsburgh—John W. Hoffman, assistant treasurer Pittsburgh Trust Company, resigned.

UTAH

Salt Lake City—G. W. Lambourne, formerly vice-president National City Bank, elected president.

VIRGINIA

Norfolk—E. J. Robertson elected president Bankers Trust Company to succeed J. B. Morgan, resigned.

Richmond—H. E. Litchford, vice-president and treasurer Old Dominion Trust Company, resigned.

Roanoke—C. W. Beerbower, formerly auditor National Exchange Bank, elected assistant cashier.

WEST VIRGINIA

Charleston—E. A. Reid elected president Kanawha National Bank to succeed Charles Capito, deceased.

WISCONSIN

Beaver Dam—F. Rassmann elected vice-president Old National Bank to succeed T. L. Newton, deceased.

CANADA

Montreal—Andrew J. Dawes elected vice-president Merchants Bank of Canada to succeed K. W. Blackwell, deceased.

Mortuary Record of Association Members

REPORTED FROM JUNE 26 TO JULY 25, 1920

Anthony, T. M., president First National Bank, Westby, Mont.
Ashley, D. C., president First National Bank, Valdosta, Ga.
Broughton, C. J., president Broughton National Bank, Dayton, Wash.
Bunn, John W., president Marine Bank, Springfield, Ill.
Capito, Charles, president Kanawha National Bank, Charleston, W. Va.
Coffin, Frank R., president Boise City National Bank, Boise, Idaho.

Conn, Frank N., cashier Shiawassee County Bank, Durand, Mich.
Falkenbury, Albert H., vice-president First National Bank, Susquehanna, Pa.
Hoblit, A. B., president State Bank of Bloomington, Ill.
Legate, Col. R. S., president National Bank of Denison, Denison, Texas.
Osborne, W. W., president Exchange Bank, Savannah, Ga.
Papenhause, John, cashier First National Bank, Tremont, Ill.
Seibert, Charles L., vice-president

Bloomfield Savings Institution, Bloomfield, N. J.
Spencer, R. P., Sr., president Phoenix Bank, Columbus, Ga.
Taylor, David D., president Union Trust Company, Concord, N. H.
Thomson, William H., vice-president Boatmen's Bank, St. Louis, Mo.
Timmons, George, director Onondaga County Savings Bank, Syracuse, N. Y.
Weems, Rupert H., assistant cashier Faulkner County Bank, Conway, Ark.

Trust Company Section

A World Vision and a World Task

By JOHN H. MASON,

President Commercial Trust Company, Philadelphia, Pa., and
Ex-president Trust Company Section, A. B. A.

(Note: Upon his return from a ten weeks' trip to Europe, Mr. Mason was asked to express his views as to the present day situation based upon his observations in England and the battle areas of France and Belgium. The following brief summary of Mr. Mason's expressions warrants a careful reading and thought by every trust company and bank man in America today.)

ARE we interested in the restoration of France, Belgium and Central Europe, or can we just ignore them and think of ourselves?

After a visit to the battle areas of France and Belgium and then through the beautiful chateau district of France, and parts of that wonderful country not knowing any of the scars of war, my contention is that we are vitally interested, not only in our former allies returning to normal, but also Germany and Austria and all the others.

"Will France and Great Britain come back?" Why, of course they will, but only in time. The leaders of those two countries are quite awake to the problems of today and in an orderly and normal way

are endeavoring to solve them. They have not the slightest thought that they can be solved in a year or two—they expect it to take generations, and if we in our impatient way can only adopt the same idea we will play a more important and stronger part in the "come-back" of the world. M. Millerrand, the French Premier, recently stated that the battle area of France comprised about 11,250 square miles, which is just about the size of the State of Maryland, and that 30 per cent. of this area was in crops this year. I think this fact more than any other answers the question "Will France come back?" In my opinion England with all her training and experience as a great international power will, beyond all question, regain her place as the financial center of the world.

I would urge every American banker who possibly could do so, to travel over the war area of France and Belgium. You may read, you may hear others talk,

but you cannot visualize except by seeing, and as you motor through Ypres, the battlefield of the Somme, out through Soissons and Rheims, you are awed with the destruction and devastation, and yet right within a stone's throw of these battle fronts, you will find here and there a French peasant back at the place he once called home, living in a hut, surrounded by flowers and trying to cultivate what fertile land he is able to find. It is truly a wonderful spirit. From these fields go on down to Chateau Thierry and Belleau Woods where the American soldier played his part. At these points there was little or no bombardment but just a fierce, hard fight, and nature has healed practically all of the scars so that one can hardly realize there was ever a battle there. As far as the eye can reach, there is nothing but beautiful crops, exquisite flowers, with the placid winding of the Marne, which played such a conspicuous part in the World War.

The Community Trust

3—The ability of the trust through its broad powers, without unreasonable delay and expense, to divert to live charities, funds left to an originally worthy but later obsolete philanthropy.

4—The opportunity for men of small means with no direct descendants to make contributions to a common community fund.

5—The opportunity for men of large means after having cared for their own, to provide that a portion of their wealth or the residuum of their estates after the death of individual beneficiaries, shall remain intact, the income to be used for community purposes.

A matter of this sort must of course be considered by banking and trust company men from the standpoint of "Is there business in it for our institutions?" I believe there are tremendous possibilities

for increased trust business, and also in stimulating the general trend toward corporate trusteeships. With proper publicity, the trust officers of the various institutions and attorneys generally fully advised, it is felt that with energy and enterprise on the part of each trustee, much benefit will ensue. It is certain that the possibilities under the Community Trust plan are vast and far-reaching. To translate these possibilities into business and public benefit will call for a thorough knowledge of the plan, on the part of trust officers, attorneys or other officials in each institution a strong belief in its merits and personal zeal in advocating them."

In speaking before the New York State Bankers Association at Asbury Park on June 17, Frank J. Parsons, vice-president of the U. S. Mortgage & Trust Company and acting director of the New York Community Trust, summarized the benefits of the plan as follows:

"The advantage to the community, the charities and to the donors of the Community Trust plan may be briefly summarized as follows:

1—The creation and development of a better community spirit and the carrying out of community purposes not otherwise possible.

2—The preservation of the principal and the proper investment and reinvestment of the funds bequeathed by charitable donors through the security of the institutions acting as trustees.

Savings Bank Section

"THE work you have undertaken I am sure will result in the compilation of information and material that will enable the bankers of the country to interest the public in real thrift and economy." This comment is typical of several letters received by S. Fred Strong, President of the Savings Bank Section, referring to the Section's questionnaire for data as of June 30.

As the result of the few simple questions which have been sent to the five thousand banks now enrolled as active or associate members of the Savings Bank Section, we are obtaining data on the condition of savings banking in all the states and territories, on the present tendencies of the public as to thrift, on bank methods for encouraging savings, and on investment policies and facilities, together with statements of personal views on the plan and scope of work which the A. B. A. should undertake.

"Our common cause," said President Strong in his letter of transmittal, "may be advanced in proportion as each individual institution cooperates to the extent of its ability. The economic condition of the country has such an important relation to savings banking at the present time that we urge your serious and immediate attention to the questionnaire."

Every bank which has the questionnaire and has not made reply is urged to this simple act of cooperation at once.

All banking institutions in the A. B. A. are entitled to share in this constructive effort through both making request for the above questionnaire and for enrolment as active or associate members of this Section. Duplicate blanks may be obtained to replace those which have been mislaid. *Action* is desired *now*.

Annual Meeting, 1920

The annual meeting of the Savings Bank Section, as part of the annual convention of the American Bankers Association, will begin with committee meetings and pos-

sibly a general conference on savings banking on Monday, October 18.

The afternoons of the 19th and 21st have been assigned to the Section. It is now contemplated that the principal topics at each of those two meetings will be respectively, "Thrift and Saving" and "Investments." Special addresses will be presented on each of these important subjects.

A report is expected from each of the several committees of the Section, each report including a more or less exhaustive treatment of one topic with briefer mention of the other subjects assigned to it. Although all reports cannot be read in full, printed copies will be available and there will be time for general discussion. This Section will have headquarters at the Hotel Raleigh and all savings bankers should make reservation of accommodations to the hotel committee at once as noted elsewhere in this JOURNAL.

For More Savings

The need for a nation-wide campaign which shall bring home to every person the need for greater thrift and larger saving as a means for increasing the capital fund of the country is proved by many facts of daily occurrence. Interest rates can only recede from present high levels when either business declines or available capital increases. Reduced business activity means less employment for workers.

The above situation and remedies indicate the big problem with which the Savings Bank Section the American Bankers Association and the American Bankers Association as a whole are now struggling. The views of a recent writer on this subject, Mr. Samuel Crowther, are summarized in the following quotation from the *World's Work* for June:

"When we leave the insurance companies, the postal savings, the savings banks and the savings funds, we are practically out of the

region of the workman's means of investment. Most other plans are in the ordinary investment class and are utilized primarily by those who have already been educated in investment. The exceptions are the savings funds instituted, and to some extent enforced, by individual employers, but these are purely local and are so often so paternal that they can be disregarded. Anyway, *manufacturers are not bankers!*

"What we are here looking for is the universal plan which will both encourage the habit of thrift and confirm that habit by permitting of its easy indulgence.

"What is it then we are after?"

"First; some sort of an intelligent propaganda which will educate in the thought that more is to be had by thrift than without it, and which will utterly discredit the caddish notion that, while it may be morally right for a man of a certain means to buy a certain grade of article, it is quite immoral for another of less means to buy the same sort of stuff or an imitation thereof. I do not recall that thrift was greatly helped by the old sumptuary laws.

"Second; we must have coincident with the inculcation of the desire for positive, forward-looking, unshackled thrift, a provision of ways and means by which this money can be received almost without effort on the part of the person who desires to practise thrift, and then turned into channels whence it can flow into the sea of our productive resources. * * *

"We cannot stand still; we shall either go forward or go back, and without a larger investment in the country than ever before we shall go back.

"And that is why *thrift* and the devising of *means to promote it* among those people with but a few dollars to save have suddenly bulked as nearly *our foremost national question.*"

Clearing House Section

Service Charges

THE great advantage and convenience of a checking account are obvious to anyone having such a banking connection. Could he get along without it? Of course he could, but it would be rather inconvenient; and would necessitate keeping considerable cash on hand at all times to take care of current expenses.

It is much easier and more methodical to write a check, isn't it? What is your bank entitled to for keeping an accurate record of every transaction of your account, supplying stationery, returning once a month or oftener, if necessary, your cancelled vouchers and a statement of your account? It asks that a reasonable average daily balance be carried by you.

The actual cost to a bank in handling a checking account is considerable, especially in these days of high operating expenses, which includes higher taxes, increased cost of books, stationery, supplies, etc. The only effective way in which banks can evolve some method of combating this expense is through their Clearing House Association, and it is a fact that many of these associations have decided the only way in which this expense can be indirectly covered is by making a

ruling authorizing their members to partly meet this expense by instituting service charges on accounts with small credit balances.

The service charges adopted by Clearing House Associations for their members vary anywhere from twenty-five cents to one dollar per month and the average daily balances that should be carried to escape these charges is anywhere from \$100 to \$300.

Such action by the banks naturally causes unfavorable comment by many of the depositors affected. The charges, however, are very small, and while many have closed out their accounts, a goodly proportion has been recovered through new savings depositors. The net result has been beneficial to the banks through the weeding out of unprofitable accounts and through the advertising received, a bigger realization by the average customer of the service rendered by his bank.

Clearing House Associations that have made the ruling should see that it is specific and rigidly enforced. In several instances the ruling made by the association leaves it in the hands of each member bank to determine what accounts are active and come under the rule and which are inactive and do not. It is problematical in these cases whether there will be rigid

enforcement. We do believe, however, that considerable confusion and annoyance will result unless an understanding is reached between member banks regarding a mutual interpretation of the various rulings covering this subject.

Value of Statistics

Below is printed the usual quarterly report of clearings and total bank transactions from a number of important clearing houses throughout the country, reporting these items regularly to this office.

From the standpoint of the number of cities reporting, the report is unsatisfactory and we take the liberty through these columns of urging those clearing houses that are not now favoring us with their weekly statement of clearings and total bank transactions to kindly cooperate with us in our efforts to compile statistics from which a more favorable comparison could be made. We also ask those associations now reporting only one of the two items asked for, if at all possible, to report both items so as to enable us to give their complete figures publicity.

A letter to the Secretary, 5 Nassau Street, New York, will bring a supply of stamped addressed postal cards printed for this purpose.

Clearings and Total Bank Transactions

FOR SECOND QUARTER, 1920 (APRIL, MAY AND JUNE)
(See page 679 of May JOURNAL for Figures for First Quarter, 1920)

Clearing House Association	Clearings	Total Bank Transactions	Clearing House Association	Clearings	Total Bank Transactions
Atlanta.....	\$823,039,479	\$1,053,772,861	New Orleans.....	795,672,464	1,473,469,218
Cedar Rapids.....	35,867,950	105,231,913	Oakland.....	128,557,868	288,375,300
Cincinnati.....	827,253,173	2,195,884,048	Providence.....	168,964,000	498,376,300
Des Moines.....	155,420,419	794,666,400	Richmond.....	703,841,000	990,171,007
Detroit.....	1,421,146,270	1,816,830,000	Sacramento.....	71,668,241	256,694,236
Fort Wayne.....	24,636,257	206,719,192	San Francisco.....	2,000,822,864	3,756,854,547
Grand Rapids.....	87,252,170	284,600,240	St. Joseph.....	195,301,767	1,171,033,801
Hartford.....	124,199,014	522,824,897	Scranton.....	62,153,510	204,975,703
Houston.....	326,189,541	968,730,332	Seattle.....	519,160,594	984,045,657
Indianapolis.....	219,518,000	689,366,000	Spokane.....	133,986,876	387,518,418
Joplin.....	23,908,394	55,804,717	Springfield.....	67,754,632	205,536,438
Kansas City.....	2,704,588,583	4,164,399,881	Tacoma.....	65,062,832	252,456,135
Los Angeles.....	823,713,000	2,423,555,000	Trenton.....	49,137,647	168,674,297
Memphis.....	280,174,677	744,172,119	Vicksburg.....	4,901,128	22,522,022
Minneapolis.....	990,474,806	3,242,688,025			
				\$13,834,367,156	\$29,929,948,704

State Bank Section

STATE	Date of Report	No. of Institutions	Capital	Surplus	Undivided Profits
1 ALABAMA	2-27-20	248	\$11,576,879.41	\$5,420,947.23	\$2,985,678.49
2 ARIZONA	2-28-20	66	3,683,967.00	2,103,258.54	1,242,072.90
3 ARKANSAS	2-28-20	404	15,542,250.00	5,923,569.06	3,186,345.83
4 CALIFORNIA	3-31-20	425	80,947,720.00	37,549,164.92	15,799,238.00
5 COLORADO	5-4-20	258	8,756,500.00	3,659,939.11	1,328,316.02
6 CONNECTICUT	3-31-20	250	11,581,137.50	29,976,780.84	4,140,442.61
7 CONNECTICUT	2-28-20				
7 DELAWARE	5-4-20	27	4,144,700.00	5,058,589.70	2,076,728.09
8 FLORIDA	12-31-19	204	8,485,500.00	2,374,476.09	798,137.61
9 GEORGIA	12-2-19	662	31,009,070.00	*25,775,846.76
10 IDAHO	5-4-20	139	4,990,210.68	1,433,382.29	525,419.23
11 ILLINOIS	2-28-20	988	112,304,605.00	72,902,672.54	23,288,147.08
12 INDIANA	12-31-19	792	37,798,367.50	14,663,408.42	5,057,316.95
13 IOWA	4-2-20	1341	52,361,450.00	22,668,899.98	13,031,881.44
14 KANSAS	2-14-20	1098	27,249,000.00	13,885,585.70	3,659,387.62
15 KENTUCKY	4-12-20	450	20,458,191.50	10,658,253.35	3,300,726.14
16 LOUISIANA	3-17-20	224	19,544,190.00	10,293,712.76	4,771,679.79
17 MAINE	9-27-19	97	4,623,000.00	9,303,969.43	6,167,648.24
18 MARYLAND	12-31-19	187	18,264,907.12	28,264,750.44	5,292,136.69
19 MASSACHUSETTS	5-4-20				
20 MICHIGAN	10-31-19	496	40,057,991.57	125,523,109.65	47,904,276.73
21 MINNESOTA	5-4-20	535	52,381,820.00	34,892,420.43	14,718,432.52
22 MISSISSIPPI	2-28-20	1177	33,332,124.16	13,848,400.89	4,390,274.69
23 MISSOURI	2-28-20	312	11,729,250.00	7,973,350.23	2,224,808.86
24 MONTANA	12-30-19	1484	59,625,600.00	37,554,183.19	14,691,979.04
25 NEBRASKA	2-28-20	286	11,990,000.00	3,848,714.61	1,464,212.02
26 NEVADA	2-14-20	1008	25,527,700.00	7,874,698.79	4,745,460.10
27 NEW HAMPSHIRE	5-4-20	23	1,678,500.00	442,434.16	467,937.92
28 NEW JERSEY	6-30-19	70	805,000.00	*12,523,119.65
29 NEW MEXICO	5-24-20	276	29,700,281.00	35,126,849.71	11,251,705.28
30 NEW YORK	2-28-20	71	2,885,500.00	910,130.00	200,311.45
31 NORTH CAROLINA	12-31-19	561	194,654,300.00	*474,194,500.78
32 NORTH DAKOTA	2-28-20				
33 OHIO	2-28-20	513	18,202,977.23	7,903,849.38	5,081,686.13
34 OKLAHOMA	2-28-20	718	12,383,000.00	4,295,000.00	666,474.42
35 OREGON	5-4-20	776	65,816,652.00	50,962,171.00	18,590,702.00
36 PENNSYLVANIA	5-4-20	610	14,633,650.00	2,999,356.35	2,490,149.82
37 RHODE ISLAND	2-28-20	274	20,344,000.00	8,803,238.98	3,631,665.49
38 SOUTH CAROLINA	5-4-20	580	134,010,507.27	200,994,542.17	46,134,084.07
39 SOUTH DAKOTA	12-31-19	47	9,049,600.00	16,839,158.49	7,352,323.19
40 TENNESSEE	4-14-20				
41 TEXAS	5-4-20	389	16,770,564.41	7,297,633.44	5,258,489.59
42 UTAH	2-28-20	552	12,326,477.00	4,002,689.18	2,211,114.22
43 VERMONT	2-28-20	440	19,102,781.95	*11,265,364.86
44 VIRGINIA	5-4-20	979	45,154,800.00	*21,973,646.11
45 WASHINGTON	3-23-20	104	7,543,554.08	3,180,184.23	1,440,067.84
46 WEST VIRGINIA	5-4-20	59	2,109,600.00	6,534,199.52	2,350,267.48
47 WISCONSIN	2-28-20	316	21,577,365.50	11,818,912.76	3,440,894.19
48 WYOMING	5-4-20	304	17,129,200.00	5,505,558.90	2,243,893.13
	5-4-20	217	15,895,023.00	9,756,537.55	4,739,144.66
	2-28-20	814	129,665,550.00	10,963,164.62	5,893,609.32
	2-28-20	110	2,960,000.00	1,117,306.89	581,531.12
TOTALS		21,961	\$1,402,365,014.88	\$1,442,841,633.68	\$310,816,778.01
Statement of Comptroller of the Currency gives totals for all National Banks on February 28, 1920		7,933	1,182,082,000.00	944,126,000.00	404,443,000.00
Excess of State Banking Institutions		14,028	\$220,283,014.88	\$498,715,633.68	\$69,373,778.01
Increase shown by State Banking Institutions over statement compiled in Jan. 1920, from latest figures available at that time, which average as of June 30, 1919		933	94,476,426.88	109,950,184.82	51,934,137.14
Increase shown by all National banks over statement by Comptroller of the Currency for June 30, 1919		148	29,419,000.00	71,900,000.00	31,794,000.00
Excess Increase of State Banking Institutions		785	\$65,057,426.88	\$38,050,184.82	\$20,140,137.14

*Includes Undivided Profits. †Decrease.
‡Excess National Banks.

Statement Showing Aggregate Resources, etc., of All Banking Institutions Under State Control.
 Compiled from Statements Furnished by Heads of State Banking Departments.
 By R. N. SIMS, Secretary-Treasurer National Association of Supervisors of State Banks

STATE	Capital, Surplus & Undivided Profits	Deposits	Loans & Discounts	Bonds, Stocks, Securities, etc.	Total Resources
1 ALABAMA	\$19,983,505.13	\$115,529,829.12	\$87,271,702.29	\$12,974,876.71	\$138,375,254.78
2 ARIZONA	7,029,278.44	58,737,571.15	39,821,071.37	8,920,332.60	67,631,929.68
3 ARKANSAS	24,652,164.89	143,698,220.18	132,092,324.34	15,089,408.65	189,064,079.90
4 CALIFORNIA	134,296,122.92	1,181,073,066.75	784,386,482.31	333,079,149.00	1,347,296,633.72
5 COLORADO	13,744,755.13	104,681,190.32	75,098,282.46	17,750,678.71	120,700,025.91
6 CONNECTICUT {SAVINGS BANKS... OTHER BANKS....	45,698,360.95	562,651,991.45	267,435,284.63	262,105,319.10	621,902,598.19
7 DELAWARE	11,280,017.79	65,576,409.16	28,162,403.63	35,734,618.95	81,827,163.53
8 FLORIDA	11,658,113.70	86,033,567.02	57,349,527.00	13,655,509.08	100,258,943.92
9 GEORGIA	56,784,916.76	261,653,393.84	217,273,799.55	25,395,646.18	380,218,553.20
10 IDAHO	6,949,012.20	52,034,714.45	48,122,766.21	7,503,529.35	68,672,503.46
11 ILLINOIS	208,495,424.62	1,462,700,803.09	1,115,392,628.41	287,914,986.56	1,819,215,743.72
12 INDIANA	57,519,092.87	398,520,110.88	295,257,385.54	82,787,673.32	508,800,382.54
13 IOWA	88,062,231.42	705,487,819.06	647,850,601.10	55,894,782.08	839,413,141.85
14 KANSAS	44,793,973.32	303,086,453.39	257,180,411.29	26,507,080.33	364,529,992.59
15 KENTUCKY	34,417,170.99	184,828,727.23	151,733,607.05	32,725,525.40	234,315,847.14
16 LOUISIANA	34,609,582.55	284,509,270.10	217,081,529.07	50,130,773.11	364,224,279.65
17 MAINE	20,094,617.67	204,234,719.10	71,174,481.16	131,830,146.38	232,003,212.44
18 MARYLAND {SAVINGS BANKS... OTHER BANKS....	51,821,794.25	322,966,913.21	154,933,782.31	174,457,473.53	397,236,931.85
19 MASSACHUSETTS	213,485,377.95	2,333,459,247.98	1,459,866,357.70	778,228,998.48	2,480,789,517.01
20 MICHIGAN	101,992,672.95	878,670,113.44	402,913,248.47	476,731,363.03	1,057,153,037.79
21 MINNESOTA	51,570,799.74	465,318,091.98	355,701,525.25	86,348,382.78	528,495,860.00
22 MISSISSIPPI	21,927,409.09	77,516,322.92	134,568,661.02	25,724,247.35	217,020,905.90
23 MISSOURI	111,871,762.23	679,154,635.41	531,701,131.31	115,209,353.42	856,515,999.45
24 MONTANA	17,302,926.63	100,692,903.72	85,472,355.51	11,766,056.95	125,513,395.73
25 NEBRASKA	38,147,858.89	298,465,167.46	256,960,377.34	13,288,673.07	347,434,790.53
26 NEVADA	2,588,872.08	20,547,888.92	15,244,029.64	2,640,411.83	23,662,246.89
27 NEW HAMPSHIRE	13,328,119.65	133,652,617.90	62,474,052.83	78,867,406.56	148,471,034.93
28 NEW JERSEY	76,078,835.99	693,037,533.28	310,670,981.52	440,119,065.29	796,934,374.68
29 NEW MEXICO	3,995,941.45	20,931,108.92	18,216,341.90	1,441,727.07	25,086,708.95
30 NEW YORK {SAVINGS BANKS... OTHER BANKS....	668,848,800.78	6,063,307,817.67	2,579,307,441.01	3,166,320,368.57	7,298,129,490.20
31 NORTH CAROLINA	31,188,512.74	237,697,450.42	205,996,059.35	18,978,415.88	283,974,783.56
32 NORTH DAKOTA	17,344,474.42	127,515,642.07	116,549,945.02	11,209,277.35	152,460,618.12
33 OHIO	135,369,525.00	1,133,172,111.00	800,945,580.00	284,502,900.00	1,322,850,848.00
34 OKLAHOMA	20,123,156.17	186,834,958.68	130,544,515.35	20,412,387.14	213,559,382.74
35 OREGON	32,778,904.47	278,526,124.05	202,712,116.12	55,852,684.95	335,707,694.38
36 PENNSYLVANIA	381,139,133.51	1,614,428,973.61	562,800,769.09	811,457,760.38	2,096,703,466.21
37 RHODE ISLAND {SAVINGS BANKS... OTHER BANKS....	33,241,081.68	284,034,982.03	141,292,623.00	142,667,276.58	321,619,171.83
38 SOUTH CAROLINA	29,326,687.44	157,643,590.38	150,003,697.74	16,557,943.37	202,588,052.47
39 SOUTH DAKOTA	18,540,280.40	195,951,450.48	157,296,087.68	7,168,968.40	220,209,822.27
40 TENNESSEE	30,368,146.81	199,141,987.14	165,728,234.40	24,888,902.53	259,675,761.71
41 TEXAS	67,128,446.11	323,250,283.30	260,773,465.15	30,197,742.44	412,273,845.83
42 UTAH	12,163,806.16	75,302,033.06	70,578,823.57	14,318,092.62	103,571,167.15
43 VERMONT	10,994,067.00	119,944,370.98	96,480,832.97	30,365,410.73	134,020,932.47
44 VIRGINIA	36,837,172.45	143,710,445.11	145,608,652.45	25,576,812.51	201,559,929.15
45 WASHINGTON	24,878,652.03	212,838,107.78	142,131,186.95	46,332,093.11	245,540,067.21
46 WEST VIRGINIA	30,390,705.21	154,089,088.11	126,905,788.93	25,614,068.13	192,679,402.20
47 WISCONSIN	46,522,323.94	453,648,102.52	329,273,539.54	85,492,097.26	509,711,213.94
48 WYOMING	4,658,838.01	29,120,478.39	24,396,743.77	2,485,883.60	34,495,099.41
TOTAL	\$3,156,023,426.57	\$24,189,608,399.21	\$14,690,733,234.30	\$8,425,222,280.42	\$29,024,095,838.83
	2,530,651,000.00	16,965,122,000.00	11,994,523,000.00	4,430,268,000.00	21,862,540,000.00
	\$625,372,426.57	\$7,224,486,399.21	\$2,696,210,234.30	\$3,994,954,280.42	\$7,161,555,838.83
	256,360,748.84	2,556,786,387.40	2,433,598,707.90	172,300,731.04	3,058,420,002.53
	133,113,000.00	1,040,257,000.00	909,061,000.00	161,725,000.00	1,062,990,000.00
	\$123,247,748.84	\$1,516,529,387.40	\$1,524,537,707.90	\$644,952,268.96	\$1,995,430,002.53

New Banks Organized

ALABAMA

Gilbertown—Peoples Bank. Capital, \$25,000. President, T. R. Lenoir; cashier, G. E. Foerster.

Fairfield—First National Bank (conversion of First State Bank). Capital, \$50,000. President, Robert Jemison; cashier, C. N. Gilley.

CALIFORNIA

Biola (P. O. Kerman)—First National Bank. Capital, \$25,000. President, Fred Nelson; cashier, H. B. Bier.

Indio—First National Bank. Capital, \$50,000. President, C. E. French; cashier, J. C. Baird.

Los Angeles—Home and Hibernian Bank.

COLORADO

Denver—Bankers Trust Company. Capital, \$1,000,000. President, A. C. Foster; treasurer, R. W. Crosby.

ILLINOIS

Cave-in-Rock—Hardin County State Bank. Capital, \$15,000. President, James Herrin; cashier, C. C. Kerr.

Clarence—Clarence State Bank. Capital, \$25,000. President, S. Frederick; cashier, D. A. Patton.

Effingham—State Bank of Commerce. Capital, \$50,000. President, Paul Eiche; cashier, Charles E. Meislahn.

Goodwine—Farmers State Bank. Capital, \$15,000. President, Sam A. Brown; cashier, E. C. Richoz.

Macomb—Citizens State Bank. Capital, \$100,000. President, John Binnie; cashier, Elmer T. Walker.

New Salem—New Salem State Bank. Capital, \$15,000. President, S. L. Griggs; cashier, A. R. Gray.

Okawville—Old Exchange National Bank (succeeds Exchange Bank of Okawville). Capital, \$50,000. President, C. H. Merrick; cashier, F. Moehle.

Roberts—Roberts State Bank. Capital, \$50,000. President, F. C. Linn; cashier, R. E. Chambers.

South Holland—South Holland Trust & Savings Bank. Capital, \$50,000. President, Charles E. Waterman; cashier, Horace Holmes.

Viola—Farmers National Bank (succeeds Farmers Bank of Viola). Capital, \$40,000. President, William A. McLaughy; cashier, R. M. Allely.

Waterloo—Commercial State Bank. Capital, \$50,000. President, Jos. W. Rickert; cashier, Hugh Murphy.

Woodlawn—First National Bank (succeeds the Woodlawn Bank). Capital, \$25,000. President, Charles M. Roach; cashier, Earl A. Hill.

INDIANA

Milroy—First National Bank. Capital, \$50,000. President, Edgar Thomas; cashier, James H. Davis.

KANSAS

Buffalo—Citizens State Bank. Capital, \$15,000. President, J. E. Ward; cashier, Roy H. Shaw.

Clyde—Exchange National Bank (conversion State Exchange Bank). Capital, \$25,000. President, J. B. Lower; cashier, C. L. Potter.

Emporia—Commercial National Bank & Trust Company (conversion of Commercial State Bank). Capital, \$100,000.

President, F. M. Arnold; cashier, H. A. Osborn.

Florence—First National Bank. Capital, \$25,000. President, J. W. Roberts; cashier, H. E. Rodgers.

Independence—Fidelity State Bank. Capital, \$25,000. President, E. L. Runyan; cashier, C. C. Ryan.

Independence—Security State Bank. Capital, \$50,000. President, H. L. Muesse; cashier, E. V. Wood.

Rosedale—Twin City State Bank. Capital, \$25,000. President, H. W. Gates; cashier, C. E. Williamson.

Wheeler—Farmers State Bank. Capital, \$10,000. President, C. E. Amach; cashier, Robert Cram.

MASSACHUSETTS

Boston—Haymarket National Bank. Capital, \$200,000. President, Frank DeW. Washburn; cashier, Edwin M. Nelson.

MINNESOTA

Minneapolis—Minneapolis National Bank (conversion Minneapolis State Bank). Capital, \$200,000. President, J. P. Bruer; cashier, Howard Hall.

Rosemount—First National Bank (conversion State Bank of Rosemount). Capital, \$25,000. President, S. A. Netland; cashier, F. A. Ruhr.

St. Paul—Wabash National Bank. Capital, \$200,000. President, P. M. Reagan; cashier, Roy E. Pope.

Watertown—First National Bank (conversion of Citizens State Bank). Capital, \$25,000. President, John W. Boock; cashier, George V. Moline.

NEW YORK

Buffalo—Community National Bank. Capital, \$200,000. President, Edward A. Duerr.

New Hartford—First National Bank. Capital, \$50,000. President, S. F. Sherman; cashier, C. K. Clark.

New York—First Federal Foreign Banking Association (first corporation organized under the Edge Law). Capital, \$2,100,000. Chairman of Directors, W. S. Kies; president, Arthur H. Titus; vice-president and cashier, Philip B. Kennedy.

Utica—Peoples Bank. Capital, \$100,000. Utica—Merchants Bank. Capital, \$100,000.

NEVADA

Eureka—Farmers & Merchants National Bank. Capital, \$25,000. President, J. Sheehan; cashier, C. J. Travers.

NORTH CAROLINA

Warsaw—First National Bank (conversion of Citizens Bank). Capital, \$50,000. President, J. E. Williams; cashier, L. D. Grady.

NORTH DAKOTA

Fargo—Northern National Bank (conversion of Northern Savings Bank). Capital, \$100,000. President, H. P. Beckwith; cashier, J. L. Cline.

OHIO

Cleveland—Zitiello Banking Company. Capital, \$50,000. President and cashier, Jos. Zitiello.

Gambier—Peoples Bank. Capital, \$25,000. President, C. B. Colwill; assistant cashier, Wm. M. Carlisle.

Lynchburg—First National Bank. Capital, \$50,000. President, Thomas E. Moorhead; cashier, W. H. McAdew.

Malinta—Farmers & Merchants Bank. Capital, \$25,000. President, J. A. Smith; cashier, Henry Geist.

Upper Sandusky—Lewis Bank & Trust Company. Capital, \$150,000. President, Chas. H. Lewis; cashier, A. Billhardt, Jr.

Washington Court House—Commercial Bank of Morris, Sharp & Company. Capital, \$51,000. President, M. S. Daugherty; cashier, C. P. Ballard.

OKLAHOMA

Carnegie—First National Bank. Capital, \$30,000. President, P. Breckenridge; cashier, A. M. Kelly.

Comanche—State National Bank. Capital, \$50,000. President, C. S. Wade; cashier, George H. McCleskey.

Okay—First State Bank. Capital, \$15,000. President, T. B. Ewing; cashier, Amos Marlin.

Paden—Paden National Bank (succeeds Peoples State Bank). Capital, \$25,000. President, T. W. Harmon; cashier, R. B. Harmon.

OREGON

Astoria—Columbia Trust & Savings Bank.

PENNSYLVANIA

Rebersburg—Rebersburg National Bank. Capital, \$25,000. President, J. R. Brungart.

TENNESSEE

Center Town—Bank of Center Town. Capital, \$12,000.

Martin—City State Bank. Capital, \$50,000.

TEXAS

Broadus—Broadus State Bank. Copperas Cove—Guaranty State Bank.

Iredell—Farmers & Merchants State Bank.

Jean—Jean State Bank. Leray, Cisco P. O.—Leray Guaranty State Bank.

Medicine Mound—First Guaranty State Bank.

Sanger—First Guaranty State Bank. Weslaco—Guaranty State Bank.

Wichita Falls—Security National Bank. Capital, \$400,000. President, J. I. Staley; cashier, N. M. Clifford.

VIRGINIA

Big Stone Gap—First National Bank (conversion of Interstate Finance & Trust Company). Capital, \$50,000. President, C. S. Carter; cashier, J. B. Wampler.

Vienna—Vienna National Bank. Capital, \$25,000. President, Franklin Williams; cashier, Vernor Gowin.

WISCONSIN

Burlington—Burlington National Bank. Capital, \$100,000. President, H. A. Runkel; cashier, William G. Rasch.

Milwaukee—Lincoln State Bank. Capital, \$100,000. President, A. Szczerbinski; cashier, Martin J. Daly.

Oneida—Oneida State Bank. Capital, \$10,000.

Stitzer—Stitzer State Bank. Capital, \$15,000. President, D. T. Parker; cashier, T. M. Webster.

National Bank Section

Capital Stock Tax

A RECENT inquiry directed to the Section's Washington office has given rise to the thought that some of the newly organized national banks may have an erroneous impression of the tax assessed against their capital stock. Also, a correct understanding of it might be advantageous to such national banks as will be chartered prior to June 30, 1921.

The member bank from which the inquiry came raised no objection to paying a tax on its capital stock for the time it has been in operation, but characterized as unjust any regulation which would assess it for the entire year. Investigation developed the fact that the Bureau of Internal Revenue concurs in this view. Its interpretation of the law goes even farther. It holds that this tax shall not be assessed for any period less than a year; that a bank which on June 30 has been in operation less than a year shall not pay any capital stock tax for that period. This tax is assessed and payable in advance in July at the rate of one-tenth of one per centum on the fair value of the stock on June 30. So such banks as organize in the future prior to June 30 next may operate until that date without being subject to this tax.

National Bank Growth

An analysis of national bank statements returned as of May 4, 1920, just completed by the Comptroller of the Currency, presents an interesting study. It conveys an idea of the geographical distribution of the wealth of our country as well as of the public service being done by national banks.

Individual and demand deposits in national banks aggregated the immense sum of \$13,533,908,000, an increase of \$1,701,129,000 over the figures of one year ago. This vast amount was the property of 20,308,350 depositors—an average of one account to each five and one-

Special Service to National Banks

Destruction of Mutilated Currency

EXAMINATION OF BONDS DEPOSITED WITH THE TREASURER
OF THE UNITED STATES

THE National Bank Section, through its Washington office, has taken up the work of representing member banks in the above-mentioned activities in the Treasury Department. The Section wishes all national bank members of the A. B. A. to be advised thereof. A charge sufficient only to meet expenses is being made. The annual fee to banks whose capital is less than \$100,000 is \$4, and to those whose capital is \$100,000 or more it is \$7.

Correspondence concerning this special service should be addressed to the National Bank Section, Rooms 406-7 Mills Building, Washington, D. C.

COMPTROLLER'S CALLS

Telegraphic notice of calls of the Comptroller of the Currency goes forth C. O. D. to a list of banks requesting it.

All members of the Section desiring this service without cost, other than the wire charge, will please notify the Washington office.

half of our population. Ten years ago there were only 7,618,468 depositors, about 37½ per cent. of the number recorded now. These accounts are found to be preproportionately more numerous in the great industrial sections. Pennsylvania, with 2,589,697 deposit accounts leads all other states. Figuring its present population as approaching 9,000,000 it will be seen that it has a national bank deposit for each three and one-half of its people. New York, Illinois, Ohio and Texas follow in order, each with more than 1,100,000 such accounts. The ratio of loans and discounts to deposits was 72.61 per cent.

The resources, too, of national banks have advanced in amount about one and one-quarter billions of dollars within the past year, totaling at this time \$22,038,714,000. The capital, surplus and undivided profits of national banks amount, to \$2,613,068,000, this being an increase also of a quarter of a billion dollars in the last year.

In furtherance of the desire that government war obligations be passed as rapidly as possible into the hands of the owners, the amount of the Liberty Bonds held by national banks as collateral has been reduced to \$667,000,000, and the value of Victory Bonds held in the same manner has been lessened to \$228,000,000.

These figures are unprecedented in the history of our nation and show that even the wild orgy of spending that has gripped our people has not been unaccompanied by a thought to future welfare and a degree of preparedness therefor.

J. A. Murray, cashier St. Matthews National Bank of St. Matthews, S. C., is vice-president representing South Carolina in the National Bank Section. During his term of office he has done great work in behalf of increasing the membership of the Association and Section.

Library Service

THE books contained in the following list are recommended for bank libraries and individual reading. If such books cannot be obtained through local dealers they will be furnished by the Library of the American Bankers Association at the prices indicated, which include wrapping and transportation. Checks should accompany orders.

A B C OF THE FEDERAL RESERVE SYSTEM. By E. W. Kemmerer. Price, \$1.65.

CREDIT AND ITS USES. By W. A. Prendergast. Price, \$3.15.

COMMERCIAL GEOGRAPHY. By C. C. Adams. Price, \$1.85.

FOREIGN EXCHANGE EXPLAINED. By Franklin Escher. Price, \$1.80.

FINANCIAL HISTORY OF THE UNITED STATES. By D. R. Dewey. Price, \$2.70.

FUNDS AND THEIR USES. By F. A. Cleveland. Price, \$2.

MONEY AND BANKING. By J. T. Holdsworth. Price, \$2.90.

RURAL CREDITS. By Myron T. Herrick. Price, \$2.90.

PRINCIPLES OF BOND INVESTMENT. By Lawrence Chamberlain. Price, \$6.20.

PRINCIPLES OF ECONOMICS. By Henry S. Seager. Price, \$2.65.

BUSINESS OF THE HOUSEHOLD. By C. W. Taber. Price, \$2.60.

THEORY AND HISTORY OF BANKING. By C. F. Dunbar. Enlarged by Oliver M. W. Sprague. Price, \$1.90.

FEDERAL FARM LOAN SYSTEM. By Herbert Myrick. Price, \$1.15.

NEW YORK STOCK EXCHANGE. By H. S. Martin. Price, \$1.40.

DIGEST OF LEGAL OPINIONS. By Thomas Paton. Price, \$2.50 to members. \$3.00 to non-members.

New Publication

EXPORTER'S GAZETTEER OF FOREIGN MARKETS. By Lloyd R. Morris. New York: American Exporter. 1920. Pp. 766. A condensed survey of the world's markets and industries published for the use of manufacturers, exporters, bankers, shipping and allied trades. A ready reference guide to the imports and exports, industries, shipping, bank-

ing, products, climatic and other local conditions of every foreign market is provided in the Exporter's Gazetteer. A unique feature is that all the commercial and industrial statistics and weights and measures have been converted into dollars and into American measurements, so that the business executive can get his facts immediately. The countries have been grouped alphabetically by continents and other major geographical divisions so that adjoining markets are found together. Under each country will be found detailed information upon area and population, commerce, production and industry, railroads, telegraphs and telephones, money, weights, measures, commercial language, local advertising media, principal shipping routes, customs, tariffs, consular regulations and representatives, cable rates, mail time, postal rates, parcel post and money order regulations. Separate sections of the book are devoted to the new states of Czecho-Slovakia, Jugoslavia, Poland, Finland, Latvia, Esthonia, Ukrania.

Membership Changes

REPORTED FROM JUNE 26 TO JULY 25, 1920

There are frequent changes which come about through consolidations, mergers, liquidations and changes of title. The General Secretary of the Association would appreciate receiving from members notice of any changes which occur, for the purpose of keeping the membership list correct and giving publicity through the columns of the JOURNAL.

Alabama.....	Bessemer.....	Bessemer National Bank changed to First National Bank.	Georgia.....	Adel.....	First National Bank changed to First Bank of Cook County.
	Ensley.....	Bank of Ensley changed to Bank of Ensley, Ramsay & McCormack.		Maysville.....	Bank of Maysville changed to Maysville Bank.
	Fairfield.....	First Bank of Fairfield changed to First National Bank.		Nicholls.....	Farmers Bank changed to Merchants & Farmers Bank.
	Opelika.....	Bank of Opelika changed to National Bank of Opelika.	Illinois.....	Chicago.....	Bank of Commerce & Savings merged with Peoples Trust & Savings Bank.
Arkansas.....	Paris.....	Bank of Paris changed to First Bank of Paris.		Chicago.....	Kirchman Savings Bank changed to Douglas Park State Bank.
California.....	Centerville.....	Bank of Centerville changed to First National Bank.		Chicago.....	West Englewood Ashland State Bank changed to West Englewood Trust & Savings Bank.
	Manteca.....	First State Bank changed to First National Bank.		Claytonville.....	Citizens State Bank changed to Citizens Bank.
	Santa Barbara.....	Santa Barbara County National Bank changed to County National Bank & Trust Company.		East St. Louis.....	Illinois State Bank changed to First National Bank.
Colorado.....	Denver.....	Commerce State & Savings Bank changed to Globe National Bank.		Kankakee.....	Kankakee County Trust & Savings Bank changed to City Trust & Savings Bank.
	Strasburg.....	Strasburg State Bank changed to First National Bank.		Monticello.....	Farmers State Bank consolidated with First National Bank.
District of Columbia.....	Washington.....	Central Savings Bank succeeded by Hamilton Savings Bank.		Neponset.....	W. E. Whaples & Company changed to Whaples & Farmers State Bank.
Florida.....	Orlando.....	Bank of Orange changed to Bank of Orange & Trust Company.		Riverton.....	Bank of Riverton changed to Riverton State Bank.
	Orlando.....	State Bank changed to State Bank of Orlando & Trust Company.		Royalton.....	Carterville-Royalton Banking Company changed to Royalton State Bank.
	Wauchula.....	Peoples Exchange Bank merged with Carlton National Bank.		Springfield.....	State Bank of Springfield consolidated with Sangamon Loan & Trust Company, as First State Trust & Savings Bank.
	West Palm Beach.....	Bank of Palm Beach changed to Palm Beach Bank & Trust Company.			

Illinois.....	Tiskilwa.....	Bank of Tiskilwa changed to Farmers State Bank.	New York.....	Long Island City.....	Queens County Trust Company succeeded by American Trust Company.	
	Toulon.....	Bank of Dewey, Burge & Gould changed to Charles P. Dewey & Sons, Bankers.		New York.....	New York Produce Exchange National Bank and its branches succeeded by Mechanics & Metals National Bank.	
	Trivoli.....	Bank of Trivoli changed to Trivoli State Bank.		New York.....	Westchester Avenue Bank succeeded by Columbia Bank, Bronx Branch.	
	Urbana.....	First State Trust & Savings Bank changed to First State Bank.		Brooklyn.....	Eastern District Savings Bank changed to Roosevelt Savings Bank.	
	Warsaw.....	Farmers National Bank changed to Farmers State Bank.	North Carolina.....	Henderson.....	Citizens Bank changed to Citizens Bank & Trust Company.	
Indiana.....	Connersville.....	National Bank of Connersville changed to First National Bank.		Wilmington.....	Citizens Bank changed to Citizens Bank & Trust Company.	
	Hammond.....	Lake County Savings & Trust Company changed to First Trust & Savings Bank.		Warsaw.....	Citizens Bank changed to First National Bank.	
Iowa.....	Murray.....	Murray Bank changed to Murray Bank of Simmons & Company.	North Dakota.....	Fairmount.....	Bank of Fairmount changed to National Bank of Fairmount.	
	Ogden.....	Ogden State Bank changed to First National Bank.		Thompson.....	Farmers State Bank changed to First National Bank.	
	Sioux City.....	Morningside Bank changed to Morningside State Bank.	Ohio.....	Cincinnati.....	First National Bank of Cheviot changed to Brighton Bank & Trust Company, Cheviot, Cincinnati, P. O.	
	Sioux City.....	National Bank of Commerce changed to Toy National Bank.		Cleveland.....	Brooklyn Savings & Loan Company changed to Brooklyn Savings & Banking Company.	
Kansas.....	Anthony.....	Farmers State Bank absorbed by First National Bank.		Cleveland.....	Hough Bank & Trust Company to Hough Savings Bank.	
	Clyde.....	State Exchange Bank changed to Exchange National Bank.		Cleveland.....	Lakewood State Bank merged with Guardian Savings & Trust Company.	
	McCune.....	McCune City State Bank changed to Farmers State Bank.		Cuyahoga Falls.....	Cuyahoga Falls Savings Bank succeeded by Falls Banking & Trust Company.	
	Tribune.....	First State Bank changed to First State Bank of Greeley County.		Washington		
	White Cloud.....	State Bank of A. Poulet changed to First State Bank.		Court House.....	Peoples & Drovers Bank changed to Peoples & Drovers Bank & Trust Company.	
	Wichita.....	State Savings Bank changed to State Savings & Mercantile Bank.		Zanesville.....	American Trust & Savings Bank changed to First Trust & Savings Bank.	
Kentucky.....	Lexington.....	Title Guarantee & Trust Company changed to Guaranty Bank & Trust Company.	Oklahoma.....	Custer.....	Peoples State National Bank changed to Peoples State Bank.	
	Somerset.....	Farmers National Bank changed to Farmers National Bank & Trust Company.		Hettinger.....	Hettinger State Bank succeeded by Live Stock National Bank.	
Louisiana.....	Broussard.....	Bank of Broussard changed to Bank of Lafayette & Trust Company.		Hobart.....	City National Bank changed to City Guaranty Bank.	
	Columbia.....	Caldwell Bank changed to Caldwell Bank & Trust Company.		Oilton.....	First National Bank changed to Oilton State Bank.	
	Lafayette.....	Bank of Lafayette changed to Bank of Lafayette & Trust Company.		Oklahoma.....	State National Bank changed to First National Bank.	
	Noble.....	Noble State Bank succeeded by Florien State Bank, Florien.		Sallisam.....	Merchants National Bank changed to First National Bank.	
	Scott.....	Bank of Scott changed to Bank of Lafayette & Trust Company.		Verden.....	First National Bank changed to First State Bank.	
Maryland.....	Denton.....	Peoples National Bank changed to Peoples Bank.	Oregon.....	Linnton.....	First National Bank changed to First National Bank of Linnton, Portland.	
Massachusetts.....	Clinton.....	First National Bank changed to Clinton Trust Company.		Portland.....	Hibernia Savings Bank changed to Hibernia Commercial & Savings Bank.	
Michigan.....	Cass City.....	Exchange Bank changed to Exchange Bank of E. H. Finney & Son.	Pennsylvania.....	Kingston.....	Deposit & Savings Bank changed to Kingston Bank & Trust Company.	
	Deckerville.....	Commercial Bank changed to Commercial Bank of James Livingston & Company.		Monessen.....	Monessen Savings & Trust Company changed to Monessen Trust Company.	
	Howard City.....	R. H. O'Donald, Banker, changed to O'Donald State Bank.		New Castle.....	A. Green's International Exchange Bank changed to Peoples Savings & Trust Company.	
	Lachine.....	Lachine Bank of McColl, Learmont & Company changed to Lachine Bank of Carl Afsen & Company.		Philadelphia.....	Integrity Title Insurance, Trust & Safe Deposit Company changed to Integrity Trust Company.	
	Monroe.....	B. Dansard & Sons State Bank changed to Dansard State Bank.		Philadelphia.....	Logan Trust Company consolidated with Fidelity Trust Company.	
Minnesota.....	Barnum.....	State Bank of Barnum converted into First National Bank.	South Dakota.....	Eureka.....	German Bank changed to First National Bank.	
	Brooten.....	Scandinavian State Bank changed to Security State Bank.		Tennessee.....	Covington.....	First National Bank changed to First State Bank.
	Faribault.....	Security Bank changed to Security National Bank.		Johnson City.....	Savings Loan & Trust Company changed to City Trust & Savings Bank.	
	Kilkenny.....	Kilkenny State Bank changed to First National Bank.		Martin.....	City National Bank changed to City State Bank.	
	Minneapolis.....	Minneapolis State Bank converted into Minneapolis National Bank.		Tasewell.....	Claiborne National Bank changed to Claiborne County Bank.	
	Red Wing.....	Bank of Pierce, Simmons & Company changed to First Security State Bank.	Texas.....	Arlington.....	Arlington National Bank changed to Arlington State Bank.	
	St. Paul.....	Twin City State Bank changed to Twin Cities National Bank.		Austin.....	Citizens Bank & Trust Company changed to Citizens State Bank.	
Missouri.....	Newburg.....	Newburg State Bank changed to Bank of Newburg.		Breckenridge.....	Farmers & Merchants State Bank changed to Breckenridge State Bank & Trust Company.	
Montana.....	Butte.....	Daly Bank & Trust Company changed to Metals Bank & Trust Company.		El Paso.....	Texas Bank & Trust Company merged with First National Bank.	
Nebraska.....	Aurora.....	American State Bank in receiver's hands.	Washington.....	Grandview.....	Grandview State Bank changed to First National Bank.	
	Germantown.....	Germantown State Bank, Germantown, changed to Germantown State Bank, Garland.		West Virginia.....	Bank of Fulton changed to Fulton Bank & Trust Company.	
	Hemingford.....	American State Bank merged with First State Bank.		Wisconsin.....	Sparta.....	Citizens State Bank changed to Farmers National Bank.
	Petersburg.....	Bank of Petersburg changed to Farmers State Bank.	Wyoming.....	Hanna.....	Carbon State Bank changed to First National Bank.	
	Strang.....	Union State Bank changed to Strang State Bank.	Mexico.....	Mexico City.....	Lacand & Son, Bankers, changed to Banque Francaise Du Mexique.	
	Sutton.....	State Bank of Sutton changed to Sutton State Bank.		Tampico.....	Lacand & Son, Bankers, changed to Banque Francaise Du Mexique.	
New Jersey.....	Newark.....	Manufacturers National Bank and Merchants National Bank consolidated as Merchants & Manufacturers National Bank.		Tuxpam.....	Lacand & Son, Bankers, changed to Banque Francaise Du Mexique.	
New Mexico.....	Albuquerque.....	Citizens Bank changed to Citizens National Bank.		Vera Cruz.....	Lacand & Son, Bankers, changed to Banque Francaise Du Mexique.	

National Bank of Commerce in New York

ESTABLISHED 1859

STATEMENT OF CONDITION, JUNE 30, 1920

RESOURCES		LIABILITIES	
Loans and Discounts	\$310,802,658.54	Capital Paid up	\$25,000,000.00
U. S. Certificates of Indebtedness	1,534,930.55	Surplus	25,000,000.00
Other Bonds and Securities	16,030,425.21	Undivided Profits	6,533,152.05
U. S. Bonds Borrowed	6,000,000.00	Deposits	\$70,448,229.32
Stock of Federal Reserve Bank	1,500,000.00	U. S. Bonds Borrowed	6,000,000.00
Banking House	4,000,000.00	Rediscounts with Federal Reserve Bank	29,920,130.00
Cash, Exchanges and due from Federal Reserve Bank	127,405,975.91	Reserved for Taxes, etc.	3,890,674.03
Due from Banks and Bankers	6,824,708.06	Dividend Payable July 1, 1920	750,000.00
Interest Accrued	859,082.48	Unearned Discount	2,520,143.91
Customers' Liability under Letters of Credit and Acceptances	77,785,344.04	Letters of Credit and Acceptances	81,863,635.03
		Other Liabilities	1,911,149.05
	\$552,743,132.49		\$552,743,132.49

New and Regained Members from June 26 to July 25, 1920, Inclusive

Alabama

Commercial National Bank, Anniston 61-56.
Merchants & Farmers Bank, Roanoke 61-156.
Slocomb National Bank, Slocomb 61-222.

Arizona

Riggs Bank, Willcox 91-136.

Arkansas

Ouachita Valley Bank, Camden 81-95.
First National Bank, Hartford 81-354.
Bank of Hunter, Hunter 81-561.
Farmers & Merchants Bank, Huntsville 81-264.
Farmers & Merchants Bank, Reyno 81-427.
Bank of Stamps, Stamps 81-609.

California

First National Bank, Huntington Park 90-919.
American Marine National Bank, San Pedro 90-213.
First National Bank, Shafter 90-913.

Colorado

Bankers Trust Co., Denver 23-85.
First National Bank, Dolores 82-197.
Eckley State Bank, Eckley 82-331.
Englewood State Bank, Englewood 82-424.
Platte Valley State Bank, Fort Lupton 82-317.
Bank of Baca County, Two Buttes 82-318.
Union State Bank, Yuma 82-430.

Florida

First National Bank, Lake Hamilton 63-342.
Lake Wales State Bank, Lake Wales 63-306.
Peoples Bank of Lake Worth, Lake Worth 63-338.

Georgia

Cohutta Banking Co., Chatsworth 64-720.
Concord Banking Co., Concord 64-575.
Citizens Bank, Eatonton 64-958.
Elbert County Bank, Elberton 64-130.
Farmers & Merchants Bank, Gainesville 64-141.
Bank of Girard, Girard 64-607.
Peoples Bank, Greenville 64-423.
Granite Bank, Stone Mountain 64-785.

Idaho

Bank of Castleford, Castleford 92-274.
Farmers & Merchants Bank, Rupert 92-266.

Illinois

State Bank of Adrian, Adrian 70-1977.
Liberty State Bank, Bloomington 70-111.
Buffalo Prairie Bank, Buffalo Prairie 70-1748.
Albany Park National Bank, Chicago 2-305.
Germantown Savings Bank, Germantown 70-1315.
Farmers State Bank, Goodwine 70-1323.
State Bank of Kirkwood, Kirkwood 70-897.
First National Bank, Lemont 70-1979.
Lemont National Bank, Lemont 70-1413.
German-American State Bank, Meekin 70-1316.

Illinois—Continued

Merchants & Farmers Trust & Savings Bank, Ottawa 70-2014.
Herget National Bank, Pekin 70-232.
Farmers State Bank, Somonauk 70-1023.

Indiana

Arlington Bank, Arlington 71-676.
Citizens National Bank, Brazil 71-223.
Dale State Bank, Dale 71-723.
Frankfort Loan & Trust Co., Frankfort 71-252.
Medora State Bank, Medora 71-622.
Perrysville Bank, Perrysville 71-975.
Shelbyville Trust Co., Shelbyville 71-204.

Iowa

Commercial Savings Bank, Carroll, 72-1957.
First National Bank, Grundy Center 72-505.
Bank of Pierson, Pierson 72-1031.
Security Trust & Savings Bank, Ryan 72-1730.
Farmers Savings Bank, Wallingford 72-1637.
Farmers Savings Bank, Wever 72-1653.

Kansas

Beagle State Bank, Beagle 83-735.
State Bank of Douglass, Douglass 83-492.
Farmers State Bank, Ellis 83-1235.
First National Bank, Florence
Hallowell State Bank, Hallowell 83-1120
Bank of Inman, Inman 83-836.
Linwood State Bank, Linwood 83-920.
Peoples State Bank, Moran 83-1211.
State Bank of Morse, Morse 83-950.
Farmers State Bank, Stuttgart 83-1054.
Trecee State Bank, Trecee 83-1280.
Progressive State Bank, Winfield, 83-113.
Wakarusa State Bank, Wakarusa 83-1071.

Kentucky

Louisa National Bank, Louisa 73-252.
Planters Bank of Mortens Gap, Mortens Gap 73-559.
Commercial Bank of Dawson, Dawson Springs 73-254.
Walton Bank & Trust Co., Walton 73-360.
Bank of Williamstown, Williamstown 73-334.

Louisiana

Florien State Bank, Florien 84-318.
(Regained.)

Michigan

First State Bank, Newaygo 74-757.

Minnesota

First State Bank, Cuyuna 75-704.
State Bank of Donnelly, Donnelly 75-721.
Farmers & Merchants State Bank, Dumnell 75-1501.
Minnetonka State Bank, Excelsior 75-350
First National Bank, Glenwood 75-201.
First National Bank of West Minneapolis, Hopkins 75-160.
First National Bank, Menahga 75-847.
State Bank of Mound, Mound 75-860.
First National Bank, New Prague 75-271.
Commercial State Bank, St. Paul 22-62.
Farmers State Bank, Stephen 75-466.

Minnesota—Continued

Farmers State Bank, Watkins 75-1179.
Farmers State Bank, Wegdahl, 75-985.
Goodhue County State Bank, Zumbrota 75-1051.

Mississippi

Bank of Decatur, Decatur 85-295.
Merchants & Farmers Bank, Eupora 85-232.
Bank of Flora, Flora 85-306.
Bank of Hickory, Hickory 85-317.
Bank of McLain, McLain 85-345.
Peoples Bank, Senatobia 85-465.
Peoples Bank, Union 85-485.
Bank of West, West 85-457.

Missouri

Aullville Bank, Aullville 80-875.
Bethany Trust Co., Bethany 80-1630.
First National Bank, Cabool 80-582.
Bank of Centerville, Centerville 80-916.
Gallatin Trust Co., Gallatin 80-1547.
Mutual Bank of Kansas City, Kansas City 18-40.
Sterling State Bank, Kansas City 18-43.
Neosho Savings Bank, Neosho 80-226.
Farmers & Merchants Bank, Purdy 80-1635.
Peoples Bank, Wyaconda 80-1482.

Montana

First State Bank, Bynum 93-322.
Camas State Bank, Hot Springs 93-253.
Lake Basin State Bank, Rapelje 93-442.
First National Bank, Savoy 93-471.

Nebraska

Cambridge State Bank, Cambridge 76-258.
Citizens State Bank, Carleton 76-676.
Farmers State Bank, Hemingford 76-1217.
Huntsman State Bank, Huntsman, Gurley P. O. 76-1246.
Madrid Exchange Bank, Madrid 76-790.
Meisner's Bank, Inc., Shelton 76-260.
Bank of Talmage, Talmage 76-885.

New Hampshire

Suncook Bank, Suncook 54-154.

New Jersey

Beach Haven National Bank, Beach Haven 55-306.
East End Trust Co., Camden 55-96.
Hillside National Bank, Hillside, Elizabeth P. O. 55-509.
Maplewood Bank, Maplewood 55-501.
Citizens National Bank, Ridgewood 55-296.

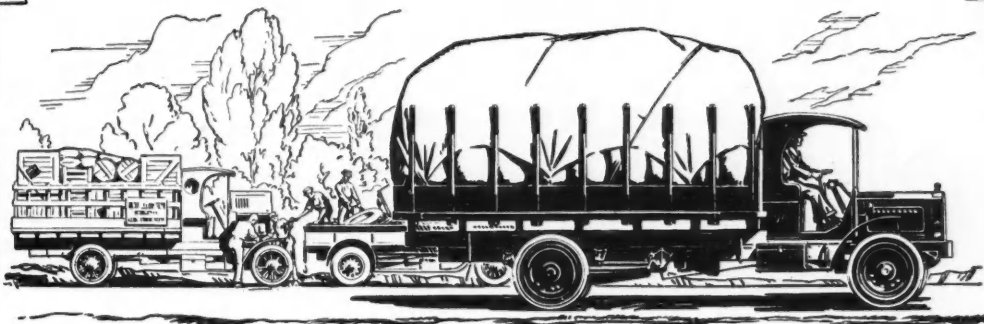
New Mexico

Farmers State Bank, Clovis 95-31.
First National Bank, Grady 95-167.
First State Bank, Greenville 95-165.
Bank of Commerce, Roswell 95-15.

New York

Church & Hill, Bankers, Afton 50-642.
Community National Bank, Buffalo 10-68.
Washington County National Bank, Graviton 50-484.
First National Bank, Milton 50-1017.
First Federal Foreign Banking Association, New York 1-319.
Lincoln Trust Co., Wall Street Branch, New York J-116.

When writing to advertisers please mention the "Journal of the American Bankers Association."



How Little Dollars Save Big Ones

MANY a truck owner has adopted his most profitable transportation ideas from the practice of the great railroads.

On *maintenance*, for example. The railroad sends its rolling stock into the shops every so many miles. Not because something is the matter. But so something *won't be*.

That is how a railroad keeps its rolling stock in prime condition—and the little dollar today saves the big dollar next year.

* * *

"I know that all machinery wears," says the truck purchaser; "but not so much with regular care. What sort of maintenance organization will you place behind my truck?"

Packard has definitely organized its Service facil-

ities to keep maintenance expense of Packard trucks at the very lowest point.

None but the better mechanics of every trade are employed at Packard Service Stations. They are given machinery that augments their skill and facilitates their work.



TODAY Packard service stations everywhere have in operation Uniform Service Methods—Uniform Stock-keeping Methods—a definite system to eliminate haphazard, time-consuming practice in repair shops.

More than one hundred repair operations have been standardized—workmanship improved and time reduced.

This system is solely Packard. There is nothing similar.

A maximum cost estimate of repairs and replacements is presented to the customer for approval before work is started.

Of first importance is *expert judgment*. What can a mechanic at half the price save an owner if he takes twice as long to find the trouble?

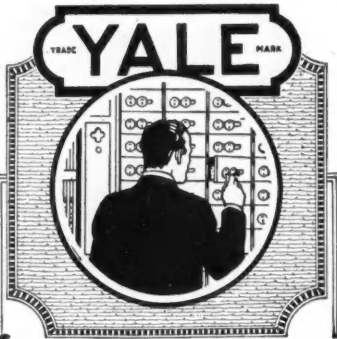
Packard Service is designed to apply the *ounce of prevention*. Packard understands perfectly that economy of maintenance of its trucks in daily use is the greatest factor in creating sales for new Packard Trucks.

Many Packard owners attend to truck maintenance on a set schedule. *A given day in each month for the truck to spend at the service station.*

These owners reduce maintenance cost—get the fullest advantage of Packard's 44 factors of engineering superiority—receive to the utmost the benefit of the long life built into every Packard Truck.

"Ask the Man Who Owns One"

PACKARD MOTOR CAR COMPANY, Detroit



SAFETY

—and the
trade-mark Yale

WHEN your customers see "Yale" on their Safe Deposit Boxes they know that you are giving them the *utmost* in safety.

Using the same good judgment as when buying bonds, Bankers specify in their contracts:

Yale Timelocks

Yale Safe Deposit Locks

Yale Combination Locks

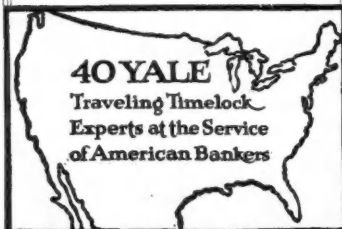
and insist on getting "Yale."

And Yale equipment is kept up to its best by the Yale Inspection Service that follows Yale equipment.

Many Bankers' Associations officially recommend the Yale Timelock Inspection Service.

The Yale & Towne Mfg. Co.

Bank Lock and Inspection
Department
Stamford, Connecticut



North Carolina

Mechanics & Farmers Bank, Durham 66-45.
Commercial Bank & Trust Co., Franklin-
ton 66-894.
Bank of King, King 66-549.
First National Bank, Monroe 66-156.

North Dakota

State Bank of Brocket, Brocket 77-524.
Farmers State Bank, Columbus 77-418.
First National Bank, Courtenay 77-198.
Citizens State Bank, Epping 77-877.
First State Bank, Fillmore 77-755.
Harwood State Bank, Harwood 77-1036.
Peoples State Bank, Hatton 77-991.
Security Savings Bank, Jamestown
77-1031.
Peoples State Bank, Knox 77-1004.
Farmers State Bank, Mapes 77-1027.
Towner County Bank, Perth 77-424.
Stirum State Bank, Stirum 77-700.
Farmers State Bank, Wildrose 77-676.
First State Bank, Wildrose 77-450.
First National Bank, Willow City 77-176.
First National Bank, Woodworth 77-735.

Ohio

Klonowski Savings Bank, Cleveland 6-83.
North American Banking & Savings Co.,
Cleveland 6-85.
Northern Savings Bank, Columbus, 25-59.
Farmers State Bank, Hicksville 56-1271.
Citizens Banking Co., Kenmore 56-1295.
White Oak Valley Bank, Mowrystown
56-1063.
Ohio Savings Bank & Trust Co., Aburn-
dale Branch, Toledo 56-10.
Ohio Savings Bank & Trust Co., Broad-
way Branch, Toledo 56-10.
Ohio Savings Bank & Trust Co., Junction
Branch, Toledo 56-10.
Ohio Savings Bank & Trust Co., Lagrange
Branch, Toledo 56-10.
Ohio Savings Bank & Trust Co., West
Toledo Branch, Toledo 56-588.
Waterford Commercial & Savings Bank,
Waterford 56-1191.

Oklahoma

First State Bank, Adamson 86-1007.
State Bank of Amber, Amber 86-668.
Farmers State Bank, Ames 86-558.
First National Bank, Arcadia 86-1010.
Ellis County Bank, Arnett 86-552.
Atoka State Bank, Atoka 86-245.
First State Bank, Atwood 86-672.
First State Bank, Avery 86-1033.
First State Bank, Berrice 86-986.
First State Bank, Bokchito 86-543.
Farmers State Bank, Burbank 86-695.
First National Bank, Byron 86-1127.
Calera National Bank, Calera 86-1093.
First National Bank, Carnegie 86-1162.
First State Bank, Carrier 86-706.
Farmers & Merchants Bank, Choteau
86-567.
City National Bank, Colgate 86-1144.
Colony State Bank, Colony 86-715.
Bank of Cooperton, Cooperton 86-716.
Corn State Bank, Corn 86-802.
Cimarron Valley Bank, Coyle 86-592.
Peoples State Bank, Coyle 86-593.
Farmers & Merchants Bank, Crescent
86-413.
Bank of Eakly, Eakly 86-737.
Bank of Elmer, Elmer 86-658.
First State Bank, Foss 86-544.
Citizens Bank, Geronimo 86-755.
State Bank of Gracemont, Gracemont
86-763.
Guthrie Savings Bank, Guthrie 86-40.
Hartshorne National Bank, Hartshorne
86-1065.
Farmers State Bank, Hollis 86-1069.
Farmers Bank, Jet 86-623.
First State Bank, Kiowa 86-1055.
Bank of Longdale, Longdale 86-813.
Luther State Bank, Luther 86-641.
Bank of Commerce, McCloud 86-510.
Southern State Bank, Mazie 86-1087.
Farmers State Bank, Mead 86-1002.
State Bank of Meridian, Meridian 86-830.
Imo State Bank, Enid P. O., Imo 86-1114.
Bank of Moore, Moore 86-832.
Citizens Bank, Morrison 86-637.
First National Bank, Mountain View
86-426.
Citizens State Bank, Ninnekah 86-839.
Capitol State Bank, Oklahoma 39-52.
Farmers State Bank, Park Hill 86-994.
First State Bank, Pensacola 86-976.
First State Bank, Pleasant Valley 86-929.
First State Bank, Prague 86-388.
Red Rock State Bank, Red Rock 86-868.
Bank of Ringwood, Ringwood 86-873.
Citizens State Bank, Skedee 86-777.

Oklahoma—Continued

Spencer State Bank, Spencer, 86-881.
First National Bank, Tahlequah 86-177.
Farmers National Bank, Tecumseh 86-283.
Farmers National Bank, Tonkawa,
86-1125.
Farmers State Bank, Tuttle 86-951.
Uncas State Bank, Uncas 86-1071.
Citizens State Bank, Wardville 86-910.
First State Bank, Wayne 86-915.
Wellston State Bank, Wellston 86-531.
Peoples Bank, Westville 86-448.
Bank of Wyandotte, Wyandotte 86-920.

Oregon

First National Bank, Clatskanie, 96-300.
First National Bank, Madras 96-298.
Title & Trust Co., Portland 24-65.
Farmers & Stockgrowers Bank, Vale
96-297.

Pennsylvania

Jordan State Bank, Allentown 60-136.
First National Bank, Darby 60-1128.
First National Bank, Landsville 60-1213.
Liberty State Bank, Mt. Carmel 60-310.
Phoenix Trust Co., Philadelphia 3-158.
Plymouth National Bank, Plymouth
60-323.
Union National Bank, Summerville
60-1359.

South Carolina

Mutual Bank, Landrum 67-475.

South Dakota

First National Bank, Eden 78-789.
Farmers State Bank, Faith 78-392.
Bank of Herrick, Herrick 78-326.
Todd County State Bank, Mission 78-775.
Security National Bank, Mobridge 78-798.
Guaranty State Bank, Pukwana 78-796.
Stockholm State Bank, Stockholm 78-612.
Farmers State Guaranty Bank, Viborg
78-328.
National Bank of Commerce, Yankton
78-802.

Tennessee

Hardeman County Savings Bank, Bolivar
87-234.
First Womens Bank in Tennessee, Clarks-
ville 87-635.
First Savings Bank, Ripley 87-532.
Ripley Savings Bank & Trust Co., Ripley
87-172.
Bank of Sevierville, Sevierville 87-275.
Whites Creek Bank & Trust Co., Whites
Creek 87-520.

Texas

Guaranty State Bank, Abilene 88-116.
First State Bank, Alamo 88-1918.
City National Bank, Amarillo 88-98.
Aquilla State Bank, Aquilla 88-917.
Security State Bank & Trust Co., Beau-
mont 88-29.
Peoples National Bank, Belton 88-228.
D. C. Reed & Co., Bertram 88-945.
First Guaranty State Bank, Cedar Hill
88-993.
Guaranty State Bank, Chillocothe 88-1826.
Farmers & Merchants State Bank, Conroe
88-1925.
Citizens State Bank, Dalhart 88-352.
Dallas National Bank, Dallas 32-64.
First State Bank, George West, 88-1790.
Goliad Bank & Trust Co., Goliad 88-653.
Guardian Trust Co., Houston 35-67.
First State Bank, Panhandle 88-861.
Bank of Commerce & Trust Co., Mercedes
88-1871.
First National Bank, Sipe Springs
88-1891.
First National Bank, Stanton 88-722.
Guaranty State Bank, Timpson 88-531.
First National Bank, White Deer 88-1934.
Security National Bank, Wichita Falls,
88-1899.

Utah

Union State Bank, Bountiful 97-106.

Virginia

Farmers Bank of Edinburg, Edinburg
68-352.
Grayson County National Bank, Indepen-
dence 68-376.

Washington

Security Bank & Trust Co., Olympia 98-51.
Orting State Bank, Orting 98-285.

West Virginia

Twentieth Street Bank, Huntington 69-27.
Shenandoah Valley Bank & Trust Co.,
Martinsburg 69-71.
Mason County Bank, New Haven 69-392.
First National Bank, Reedy 69-338.

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Wisconsin

Farmers State Bank, Strum P. O., Allen 79-822.
 Eland State Bank, Eland 79-514.
 Rockland State Bank, Rockland 79-847.
 Sheboygan Loan & Trust Co., Sheboygan 79-42.
 Bank of Tomahawk, Tomahawk 79-252.

Wyoming

Fort Laramie State Bank, Fort Laramie 99-108.

Canada

Imperial Bank of Canada, Banff, Alberta 0721.
 Imperial Bank of Canada, Calgary, Alberta 0722.
 Imperial Bank of Canada, Edmonton, Alberta 0723.
 Imperial Bank of Canada, Vancouver, B. C. 0724.
 Imperial Bank of Canada, Victoria, B. C. 0725.
 Imperial Bank of Canada, Winnipeg, Man. 0726.
 Royal Trust Co., Winnipeg, Man. 0733.
 Imperial Bank of Canada, Niagara Falls, Ontario 0727.
 Imperial Bank of Canada, Port Arthur, Ontario 0728.
 Imperial Bank of Canada, Windsor, Ontario 0729.
 Imperial Bank of Canada, Montreal, Que. 0730.
 Imperial Bank of Canada, Quebec, Que. 0731.
 Imperial Bank of Canada, Regina, Sask. 0732.

Hawaii

Peoples Bank, Ltd., Hamakua Branch, Honokaa 0735.
 Bank of Kauai, Ltd., Kapaa, Kauai 0734.

Philippine Islands

Philippine Trust Co., Manila 0720.

Minnesota

The thirty-first annual convention of the Minnesota Bankers Association was held at Duluth, July 7 and 8. Many important topics were discussed, among them "A Constructive View of the Transportation Problem," C. P. Craig, Duluth; "Why the State of Minnesota Should Enact a Tonnage Tax Law," Hon. James A. Carley; "Why the State of Minnesota Should Not Enact a Tonnage Tax Law," Hon. Charles T. Murphy; "The Einstein Electron Theory of Matter," Willard Scott, Brookline, Mass.; "Signs of the Times," John Fletcher, vice-president Fort Dearborn National Bank, Chicago. Officers elected are: President, O. M. Nelson, vice-president First National Bank, St. Paul; vice-president, J. J. Ponsford, president State Bank of Watertown, Watertown; treasurer, C. L. Hansen, president First National Bank, Thief River Falls; secretary, G. H. Richards, Minneapolis.

Iowa

The thirty-fourth annual convention of the Iowa Bankers Association, held at Des Moines, June 29 and 30, was one of the most successful in the history of the organization. President Hawes of the American Bankers Association delivered the first address, "Bankers' Problems of 1920." Other speakers included Harry F. Atwood, Chicago, "Our Constitution—the Antidote for Bolshevism"; Hon. M. J. Wade, Iowa City, Judge U. S. Court, Southern District of Iowa, "Let's Pay Our Debt to America"; Frank A. Vanderlip, New York, formerly president of the National City Bank of New York; and Hon. Medill McCormick, U. S. Senator from Illinois, "The Federal Government and Reconstruction—and Reconstruction within the Federal Government." The following is a list of officers elected: President, L. A. Andrew, president Citizens Savings Bank, Ottumwa; vice-president, C. E. Lofland, vice-president Oskaloosa National Bank, Oskaloosa; treasurer, I. O. Hasbrouck, cashier Ames Trust & Savings Bank, Ames; secretary, Frank Warner, Des Moines; vice-president American Bankers Association for Iowa, Ray Nyemaster, vice-president American Commercial & Savings Bank, Davenport; members American Bankers Association Executive

Council, John A. Cavanaugh, president Des Moines National Bank, Des Moines; Kent C. Ferman, cashier Cedar Rapids National Bank, Cedar Rapids; C. J. Wohlenberg, cashier Holstein Savings Bank, Holstein; member Nominating Committee, E. D. Huxford, president Cherokee State Bank, Cherokee; alternate member Nominating Committee, John A. Dunlap, vice-president Keokuk National Bank, Keokuk; vice-president Trust Company Section, J. O. Trumbauer, vice-president Farmers Loan & Trust Company, Waterloo; vice-president Savings Bank Section, O. F. Fryer, president Iowa State Savings Bank, Fairfield; vice-president National Bank Section, George B. Perkins, president First National Bank, Sac City; vice-president State Bank Section, Theodore Laskowski, president Council Bluffs Savings Bank, Council Bluffs.

Convention Calendar

DATE	ASSOCIATION	PLACE
August 6-7	Montana	Butte
September 2	Delaware	Rehoboth
September 7-8	Kentucky	Louisville
Sept. 14-15	Colorado	Denver
Sept. 14-15-16	Farm Mortgage Bankers	Kansas City, Mo.
Sept. 15-16	West Virginia	Charleston
October 4-5-6	Investment Bankers	Boston
October 6-7-8	Indiana	Indianapolis
October 18-22	A.B.A., Washington, D.C.	A.B.A., Washington, D.C.
Nov. 12-13	Arizona	Douglas

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