

# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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Vol. 4

MAY, 1912

No. 11

## SPRING MEETING OF THE EXECUTIVE COUNCIL.

**E**VERY section of the country was represented at the Spring meeting of the Executive Council of the American Bankers' Association at Briarcliff Lodge, Briarcliff Manor, N. Y., on May 7th and 8th, 1912. Of the eighty-five members of the Council, eighty were present, regrets being received from the absentees.

In addition to the Council, the Section Committees and various committees of the Association were at Briarcliff Lodge, and held meetings on Monday, May 6th, for the transaction of business pertaining to their respective work, and the preparation of reports for presentation to the Council.

Many of the gentlemen were accompanied by ladies, and participated in several social functions, most notable of which were the reception on Monday afternoon held by Mr. and Mrs. Frank A. Vanderlip at their residence—"Beechwood"—and a dinner in the evening tendered by them at the Sleepy Hollow Country Club. About seventy-five automobiles were placed at the disposal of the party, to convey them from Briarcliff Lodge to Beechwood and return, and to the Country Club and return.

On Tuesday evening a banquet was tendered by Briarcliff Lodge and the American Bankers' Association. Mr. Arthur Reynolds, Chairman of the Executive Council, acted as toastmaster, and informal addresses were made by the officers and ex-presidents of the Association and members of the Council.

Mr. C. H. Huttig, Vice-President, who had just recovered from a very serious illness, attended the session of the Council on Tuesday, and when he, accompanied by Mrs. Huttig, entered the banquet hall in the evening they were given an enthusiastic reception.

Miss Dunham, a guest of one of the members of

the Council, on request, kindly consented to sing, and the banqueters showed their appreciation of the exceptional treat afforded them by continued applause.

President Livingstone, in a few well chosen remarks, said he wished to correct an erroneous impression which had gone abroad that Detroit would be handicapped in furnishing accommodations for those who attended the annual convention of the Association in September. Mr. Livingstone stated that the local committees had worked out this problem, and he emphasized the fact that there would be ample and comfortable accommodations for all those who attended, even if the attendance ran into five or six thousand people. Mr. Livingstone also announced this fact at the Council meeting.

In addition to the reports presented to the Council, which are published herein, a great deal of routine business was transacted, several innovations being suggested for the further advancement of different phases of the work of the Association in the interests of its membership.

Communications on various questions were submitted by the General Secretary and referred to certain Sections and Committees.

The following petition, which is self-explanatory, was presented to the Council:

To the Chairman and Members of the Executive Council of the American Bankers Association, Gentlemen:

The undersigned, publishers of banking and financial periodicals, are desirous of placing before the Executive Council of the American Bankers Association, the subject of the unfair and improper competition created to the detriment of those publications,

by the present policy of conducting the Journal of the Association. And inasmuch as the subject has never been brought to the attention of the Executive Council in a body, we would respectfully request that a committee of three or five members of the Council be appointed at this meeting to investigate the subject on a fair and equitable basis.

Very truly yours,

The Bankers Publishing Co.,  
 By J. R. Duffield, Secretary.  
 The American Banker,  
 Charles D. Steurer, President.  
 The Financial Age,  
 F. Howard Hooke.  
 The Financier,  
 By C. A. Hazen.  
 The Banking Law Journal,  
 A. F. White, Editor.  
 A. D. Macpherson,  
 V. P. Bankers Encyclopedia Co.

The action taken on the foregoing petition is as follows:

"That the matter be laid over until the next meeting of the Council in Detroit, and that then these gentlemen be requested to appoint a Committee of two or three of their number to appear before the Council and explain their position after which, the Council will take whatever action is deemed proper."

Invitations for the 1913 convention were extended from New York and Boston; also for the 1915 convention from Seattle and San Francisco. These invitations were referred to the convention in Detroit in September next.

Resolutions were unanimously adopted thanking Mr. and Mrs. Vanderlip for their hospitality, Miss Dunham, concert soprano, the New York Press, the management of Briarcliff Lodge, and all those who had contributed to the convenience and pleasure of the guests, which tended to make the meeting one of the most successful in the history of the Council, both in a business and social way.

## REPORTS.

### Administrative Committee.

WILLIAM LIVINGSTONE, Chairman      CHARLES H. HUTTIG  
 ARTHUR REYNOLDS

THE Constitution of the American Bankers Association provides for an Administrative Committee to be comprised of the President, First Vice-President and the Chairman of the Executive Council. The duties of the Administrative Committee are clearly outlined in the Constitution and declare that meetings thereof may be held in the interim between meetings of the Council on call of the Chairman, to act in an advisory capacity to the General Secretary and to the several departments of the Association, as well as for the consideration of all important matters which shall be brought to its attention. It is provided, too, that the Administrative Committee shall report its proceedings of each meeting to the Executive Council.

The first meeting following the New Orleans Convention was held in the City of New York, December 18, 1911. The financial statements of the Association were presented. The General Secretary was directed to sell the \$10,000 U. S. Government 1925 4 per cent. Registered Bond No. 24,437, owned by the Association, and that the proceeds from the sale of said bond be re-invested in C. B. & Q. Joint 4's, guaranteed by the Great Northern and Northern Pacific Railroad Companies; and to appoint one or more attorneys for that purpose. This matter has been placed recently in the hands of the Bankers Trust Company, and the commission is being executed.

In accordance with the provisions of the Constitution relative to the appointment of committees and the filling of vacancies, the following action was taken:

The Standing Protective, Law and American Institute of Banking Committees were reappointed. The Currency Commission was reappointed and includes the new Federal Legislative Committee. The naming of the Federal Legislative Committee, including two new members, Mr. E. R. Gurney, Chairman, and Mr. J. F. Sartori. There was added to the Committee on Bills of Lading Mr. Nathan Adams of Dallas, Texas. The acceptance of the resignation of Mr. Joseph Chapman, Jr., as Chairman of the Committee on Express Companies and Money Orders, and the appointment in his stead of Mr. Thornton Cooke. The addition of Mr. W. D. Manley of Atlanta, Georgia, to the Committee on Express Companies and Money Orders. The appointment of Mr. Joseph Wayne, Jr., to a place on the Committee on Forms for National and State Banks. The appointments to the Finance Committee as provided for in the Constitution.

Vice-President Huttig brought to the attention of the Administrative Committee the action of the Executive Council, and which was unanimous in adopting a resolution offered by Mr. J. M. Elliott of Los Angeles, as follows:

"Resolved, That in view of the increased expense of living in New York, the executive officers be directed to inquire into the same with the view of adjusting the salary of the General Secretary thereto, with power to act."

The Administrative Committee had given serious thought to the matter, that the salary of the General Secretary be increased by \$2,000. The Committee believes that this increase is fully justifiable for several excellent reasons:

First, the large increase in membership during his incumbency. Second, the introduction of several valuable departments, such as the Protective and Legal Departments. Third, the publication of the "Journal-Bulletin," which seems to meet with universal approval from the entire membership of The American Bankers Association. Fourth, for general efficiency and thoroughness in his work, which is confined not only to the activities of the general offices in New York City but extends to visitations to almost all of the forty-six State associations and their auxiliaries. Fifth, as given in the resolution, the higher cost of residence in New York.

Your Administrative Committee has realized for some time that the present quarters on the eighteenth floor of the Hanover Bank Building were congested; and, moreover, were separated in such manner as to be inconvenient, and were ill-arranged for the proper conduct of the increasingly active and enlarging sphere of the Association in economical form. With this view clearly in mind your Committee inspected the present offices, and after comparison with several offerings, concluded that the suite offered by the Hanover Bank Building Corporation on the twelfth floor, would be the most acceptable. The suite has accordingly been leased for a period of five years beginning May first, at an annual rental of \$11,000, which, in view of the space secured, is regarded by your Committee as a low rental. To adapt these offices for the Association's requirements, extensive changes have been necessary, and these are being made at the expense of the Hanover Corporation in their entirety. The new offices will be ready for occupancy probably about May twentieth, and those members of the Executive Council who are disposed to do so, are invited to inspect at this time the incompleting rooms.

The General Secretary was instructed to make arrangement for the Spring meeting of the Council at Briarcliff, May sixth, if possible.

The Fort Dearborn National Bank of Chicago was designated as depository of funds for the Association, and the National Bank of Commerce in New York as depository of funds for checking-account.

Mr. E. J. Curtin of Iowa was placed on the Agricultural Committee vice Mr. E. R. Gurney, resigned. Mr. C. G. Hutcheson of Kansas City, Missouri was placed on the Finance Committee vice Mr. R. E. James, resigned.

The Committee approved the request of the Currency Commission to publish the pamphlet on "Small Banks" in the "Journal-Bulletin," and for sending it to non-members.

The Committee approved the week of September ninth for the next convention of the Association which is to be held at Detroit, with the Hotel Pontchartrain as headquarters; and the action of the Secretary in reserving accommodations for speakers, officials, ex-Presidents, and members of the Executive Council and committees at headquarters hotel.

The Committee discussed somewhat the subject of speakers for the next Convention, and the matter was left in the hands of the President and Vice-President for action.

The Committee appointed a Committee of four, on the request of Honorable Chas. Nagel, Secretary of Department of Commerce and Labor, to attend a conference of commercial organizations held in Washington, April 22nd, as follows:

Messrs. Samuel McRoberts of New York; T. J. Davis of Cincinnati; Levi L. Rue of Philadelphia and Albert D. Graham of Baltimore.

A meeting was held at Briarcliff Manor on May sixth at which the general business of the Association was considered and routine matters discussed; the report to be made to the Executive Council outlined, and afterward approved.

(Report received and unanimously adopted.)

**General Secretary Farnsworth.**

New York City, May 3, 1912.

**I** DESIRE to make only a brief report of the routine work of The American Bankers Association, which shall aim to cover the period since the Executive Council met in New Orleans on November 24th, 1911.

The Administrative Committee, the appointment of which was authorized at the convention in Los Angeles, has proven to be of great value when important matters have required disposition; and, being composed of the President, Vice-President, and the Chairman of the Executive Council, you may be sure that the welfare of the Association has been uppermost whenever the Administrative Committee has met.

The reports of the several Sections and committees will indicate clearly that they are continuously and increasingly useful.

As the season for State conventions has not yet arrived, the General Secretary has to date attended State Group meetings and banquets, Chapter meetings and banquets, committee meetings, a meeting of fourteen Central State Secretaries held in Chicago, and, what is of large seeming import, and by direction of your Committee on Amendments, a gathering of those who are interested in serious effort to establish an Investment Bankers Section, which met under the leadership of Mr. George B. Caldwell, in Chicago on Friday, March 29th. Trips to Detroit to make preliminary arrangements for the next convention have been made as necessity required. The convention, as you know, is to be held in that city during the week beginning Monday, September 9th. It may be said that the bankers there are alive to the requirements of the occasion; and I have sought to impress upon them the fact that the bankers of the country still have vivid recollections of the convention which was held in Detroit in 1897. The attendance this year promises to be unusually large. The Clearing House and associated banks have named already a full list of committees, and have opened permanent headquarters and appointed a General Secretary of committees, who will give all of his time to the work. Detroit being the "home" city of your President and General Secretary, they believe that they are justified in anticipating that everything will be done by the bankers of the "City of the Straits" to make the coming convention an unqualified success.

Our Protective Committee and Protective Department converge closely and effectively and, it is believed, have never produced a result so generally satisfying as is being done today as the records will show.

Our Journal-Bulletin renews its usefulness with each issue, is highly appreciated by the 25,000 subscribers, and is conducted at minimum outlay. Each Section or Department of The American Bankers Association shares in the responsibility of enhancing the creditability of our Journal-Bulletin and presents monthly subjects of individual interest.

The Annual Proceedings for 1911, containing 869 pages, has been compiled and was duly distributed to members. There have been received by the General Secretary, many expressions of appreciation of its presentable make-up and completeness.

The organization of the Library has advanced as rapidly as possible since the creation of that Department last November. Its resources have been increased through gift and exchange by the addition of several hundred books, documents, and pamphlets, and the binding of financial periodicals.

A financial classification has been devised, the Proceedings of the State Bankers Associations fully catalogued by author and subject, and work has been begun on a complete card index of the American Bankers Association Proceedings, and general books. A plan has also been worked

out for the systematic filing of clippings, magazine articles, pamphlets, and other loose material on subjects of current interest, which are loaned to bankers who request information which can be supplied in that way. When it is not possible to answer an inquiry by sending the actual material, references are compiled or copies made of the desired data, and the growing demand upon the Department for the valuable references which have already been collected and catalogued, indicate that increased resources will enhance its present usefulness.

The Treasurer's statement, and the financial statements which will be presented to the Council, show a healthful condition which has been produced by increased membership, the few delinquents, and other causes.

I am gratified that your Administrative Committee has authorized the removal of our offices to more commodious and convenient quarters in the same building. Those offices are being arranged by the Hanover Bank Building Corporation to suit our needs, and will soon be ready for inspection.

We refer with permissible self-appreciation to the statement-of-membership during the past year, that is, between the Spring meetings of the Executive Council, which shows a large net increase than at any period since 1902 the net gain for the year being about 900, and the total membership today being 12,576. The remarkable feature of our membership is the low loss by delinquency, which is the best test of loyalty. Our loss through unpaid dues from delinquency during the past year is 185, against 247 a year ago, when our membership was 667 less, so that with an increased membership even the percentage is much less, or only .01 1/2 per cent. of the total membership of September 1, 1911. The loss by failures, mergers and liquidations is 100 instead of 169 one year ago, so that the net loss for the year is 345 as against 416 a year ago.

We are indebted for this hopeful condition to all who have rendered co-operative aid, including the officers, members of the Executive Council, Vice-Presidents and State Secretaries.

**Membership.**

Membership May 1, 1911 .....	11,698
Lost by failures, mergers and liquidations....	160
Lost by delinquents .....	185
	<u>345</u>
	11,353
Addition to membership May 1, 1911, to date.....	1,192
Present membership .....	12,545
After deducting delinquents, failures, mergers, etc., these figures show a net gain from May 1, 1911, of .....	847
Members added to the list during month of April..	97
Membership May 1, 1908 .....	9,297
Membership May 1, 1909 .....	10,095
Membership May 1, 1910 .....	10,969
Membership May 1, 1911 .....	11,698
Membership April 24, 1912 .....	12,545

**Membership by States.**

Alabama .....	152	New Mexico .....	58
Alaska .....	12	New York .....	942
Arizona .....	57	North Carolina .....	146
Arkansas .....	194	North Dakota .....	223
California .....	323	Ohio .....	327
Colorado .....	213	Oklahoma .....	321
Connecticut .....	165	Oregon .....	145
Delaware .....	35	Pennsylvania .....	836
District of Columbia .....	35	Rhode Island .....	46
Florida .....	138	South Carolina .....	135
Georgia .....	357	South Dakota .....	200
Idaho .....	122	Tennessee .....	142
Illinois .....	822	Texas .....	369
Indiana .....	385	Utah .....	55
Iowa .....	486	Vermont .....	69
Kansas .....	538	Virginia .....	192
Kentucky .....	154	Washington .....	250
Louisiana .....	183	West Virginia .....	154
Maine .....	96	Wisconsin .....	322
Maryland .....	162	Wyoming .....	68
Massachusetts .....	283	Canada .....	17
Michigan .....	373	Cuba .....	21
Minnesota .....	364	Hawaii .....	13
Mississippi .....	157	Isle of Pines .....	1
Missouri .....	419	Porto Rico .....	4
Montana .....	161	Mexico .....	21
Nebraska .....	340	Philippine Islands .....	3
Nevada .....	28		
New Hampshire .....	51	Total .....	12,545
New Jersey .....	272		

(Report received and filed.)

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

Treasurer Farrell.

Financial Statement September 1, 1911, to April 24, 1912, Inclusive.

Par Value.	Carried on our books at
\$ 10,000.00	Government 4 per cent. bonds of 1925. \$ 10,000.00
30,000.00	Atchison 4 per cent. bonds of 1905. 30,825.00
50,000.00	C. B. & Q., Ill. Division 4 per cent. bonds of 1949 .....
30,000.00	New York City Registered Corporate Stock 3½ per cent. due 1940. ....
	50,842.75
	25,425.00
\$120,000.00	\$117,032.75

(Report accepted and filed.)

RECEIPTS.

Cash balance	\$ 1,433.43
Interest on bank balances	1,306.23
Interest on stock and bonds	2,925.00
Extra guests, convention	2,650.00
Standing Protective Committee, settlement Owosso, Mich., case	6.10
Account traveling expense, refund	21.20
Account general proceedings	11.50
Account Trust Co. Section, sale of books, and postage	55.00
Postage, stationery and printing	44.50
Account American Institute of Banking Section, rent, etc.	362.85
Account Clearing House Section, refund by Texas Bankers Association, endorsement stamps.	306.11
Account Fixtures and Furniture, claim paid by N. Y. C. & H. R. R. Co., damage to typewriter.	30.00
Dues 1 member, 1909-1910	10.00
Dues 2 members, 1910-1911	30.00
Dues 10,973 old members, 1911-1912	179,607.50
Dues 817 new members, 1911-1912	8,306.00
Dues 445 resigned members, 1911-1912	5,733.00
Dues 9 additional payments, 1911-1912	105.00
Dues 2 members, 1912-1913	20.00
Sundry small items	20.00
	\$202,375.42

DISBURSEMENTS.

Account membership signs	\$ 385.05
Office Fund	1,000.00
Refund account dues 1911-1912, overpaid	41.00
Rent, general offices	3,583.40
Salaries	17,468.23
Postage, stationery and printing	4,574.21
Publishing and distributing Annual Proceedings	15,786.11
Executive Council meetings (Spring, 1911)	283.92
Journal	11,613.00
Cipher Codes	310.00
Department expense, ice, water and towels	105.15
Furniture and fixtures for general offices and sections	832.22
Executive Council, Vice-Presidents and State Secretaries securing new members	810.78
Extra office help	279.23
Telephone and telegrams	412.97
Treasurer collecting dues, 1911-1912	1,265.88
Convention expenses, New Orleans, including \$5,000 to entertaining city	8,866.58
Auditors for 1910-1911 (Marwick, Mitchell, Peat & Co.)	100.00
Account extra guests, New Orleans convention	1,500.00
Traveling expenses	844.69
Bankers Trust Co., premium on officers' bonds	81.25
American Institute of Banking Section	6,939.60
Clearing House Section	2,708.66
Savings Bank Section	7,125.56
Trust Company Section	5,305.40
Federal Legislative Committee	166.85
Legal Department	6,096.97
Committee on Bills of Lading	1,735.75
Committee on Express Companies and Money Orders	1,370.77
Law Committee	1,790.85
Standing Protective Committee (\$13,872.30 is of last fiscal year's business.)	44,799.53
Committee on Fidelity Bonds and Burglary Insurance	2,661.04
Administrative Committee	895.53
Committee on National and State Bank Forms	233.00
Currency Commission	279.30
Committee on Amendments	140.85
Library	261.01
Interest, discount and exchange	3.49
Sundry items, office supplies, etc.	854.56
Credit balance	48,863.94
	\$202,375.42

Note.—Cash balance in hands of Treasurer	\$48,863.94
Cash on hand in Office Fund	1,000.00
Cash in Journal Fund	51.74
Checks on hand	5.50
Total	\$49,921.18

Note.—In addition to the above balance, the Treasurer holds for investment the following:

General Counsel Paton.

THIS report will cover the period between the time of the New Orleans Convention in November to the present.

In the field of constructive legislation, every effort has been made to procure the enactment by Congress of a law, the principal feature of which is to provide a responsibility of carriers for the acts of their agents in issuing bills of lading without receipt of the property. We have been successful during the last four years in procuring legislation in twelve of the states under which the holder for value of a false bill of lading can compel the carrier to make it good; but our heavy fight has been in Congress. High water mark was reached in the 61st Congress in June 1910 when our bill, known as the Clapp-Stevens bill, was passed by the House of Representatives. The importance of procuring legislation by Congress lies in the fact that the Supreme Court of the United States has denied the responsibility of the carrier for which we contend and this being the law of all the Federal courts the carriers, wherever possible, endeavor to have actions against them upon false bills of lading transferred to the Federal tribunals to escape liability. As cases are constantly occurring of loss of money advanced on faith of bills of lading, signed by railroad agents, which prove to have been issued, without actual receipt of goods, either fraudulently or more frequently as a matter of accommodation to favored shippers, a law of Congress providing a nation-wide responsibility of carriers upon such bills is quite necessary.

This year the campaign in Congress has been actively carried on and I will not trespass upon the report of the Committee on Bills of Lading further than to say that we have had three hearings occupying five full days before the Senate Committee on Interstate Commerce and while apparently a majority of the Committee seem favorably disposed, no bill has yet been reported to the Senate; and in the House our measure is pending before the Committee on Interstate and Foreign Commerce, which since the beginning of the session has been engaged with the consideration of Panama tolls and the Pure Food Law and we expect a hearing in the near future. In connection with these hearings a very considerable amount of work has been done in a variety of ways and valuable aid has been given by individual members of this Council and by others in bringing to the minds of members of Congress the crying need for remedial legislation on bills of lading.

In February of this year your Counsel attended two hearings before the Committee on Courts of Justice of the House of Delegates in Virginia, and made arguments in support of the Uniform Bill of Lading Act being opposed by attorneys for the Southern Railroad and Atlantic Coast Line Railroads. Success attended this effort to the extent of a favorable report of the bill by the Committee but unfortunately the measure was not reached on the calendar of the House before the expiration of the session which is limited to 60 days.

Aside from bills of lading there is great need in many states of protective legislation which will adequately punish a class of offenders who maliciously circulate reports derogatory to the standing and solvency of banking institutions. Many banks in different parts of the country are sufferers from malicious derogatory reports which spring from a variety of improper motives and are designed to and often do work serious injury to the institution. These offenses are more frequent than would be supposed by those not acquainted with all the facts and existing laws have proved inadequate to protect the banks. An act to punish offenders of this kind was drafted four years ago on behalf of this Association and down to and including the year 1911, its enactment was procured in ten states, namely, Louisiana, Michigan, New Jersey, Rhode Island, Pennsylvania, Maryland, Ohio, Missouri, Nevada and Wyoming. This year an active effort was made to pass such a law in the State of New York. Your Counsel had received letters from three banks in different parts of the State, all complaining of derogatory statements by malicious persons that had caused much trouble and annoyance. In one case the offender was a person himself interested in a bank who, through motives of jealousy, had made statements concerning another bank designed to influence certain depositors to change their accounts. The statements were to the effect that the

bank would last but a little while; that it was on the verge of insolvency. All three banks were urgent that something be done in the matter to protect them. Your Counsel, working in co-operation with Mr. Ledyard Cogswell, Jr., of Albany, who is Chairman of the Legislative Committee of the New York State Bankers Association, caused our measure to be introduced in the legislature and statements were procured from the injured institutions showing just how they had been assailed. These were most effective in convincing members of the Legislature that the measure was necessary and as a result the bill passed both Houses and was signed by Governor Dix on April 9th.

We were also successful this year in procuring the enactment in New York of our proposed law to punish the making or use of false statements to obtain credit. This measure was urged by the Legislative Committee of the New York State Bankers Association with the cooperation of the National Association of Credit Men. The legislature of New Jersey this year also enacted this law so that we now have laws of this character in eleven states.

Your Counsel conjointly with the Counsel of the National Association of Credit Men also drafted an amendment to the New York forgery statute, under which an employer falsifying his books is made guilty of forgery in the third degree; and this amendment was passed and signed by the Governor.

There are only twelve states whose legislatures meet this year and in two of them the sessions begin in May and June so that this year's field for the promotion of remedial legislation has been limited. Nevertheless an active campaign has been conducted in these states and considerable success has attended the measures recommended by this Association. The report of the Law Committee will detail what has been done and the information need not be duplicated in this report.

As a subject of prospective legislation your Counsel has prepared at the request of the Executive Committee of the Trust Company Section a preliminary draft of a law for the organization and regulation of Trust Companies which, when finally rounded into shape and approved by this Association is designed, as I understand, to be recommended as a desirable measure for enactment in those states where the present laws are incomplete and inadequate.

In the matter of Burglary Insurance certain amendments to the standard form of Bank Burglary and Robbery Policy copyrighted by the Association were agreed upon between our Committee on Fidelity & Burglary Insurance and representatives of the companies at a meeting in Chicago shortly prior to the November Convention. Following this action your Counsel embodied these amendments in the standard form and had the amended form copyrighted in the name of the Association on December 26, 1911. The Committee authorized licenses for the writing of this policy for members only beginning January 1, 1912, pending determination by this Council of the question, which was postponed from the last meeting, whether the policy should be restricted to members or thrown open to all banks. Your Counsel has represented the Committee in certain necessary conferences with representatives of companies in the city of New York in relation to amendments to the policy, the subject of licensing and the matter of rates has been called on for advice by many members of the Association as to the degree of protection afforded by particular forms of policy held by them.

The revision of the Association's standard form of fidelity bond which was copyrighted thirteen years ago and which is susceptible of improvement in the light of more recent developments, is a matter which has been delegated by the Committee to your Counsel and is to be taken up at the earliest practicable moment.

A large part of the time of your General Counsel is devoted to advisory work for individual members of the Association. Member banks in all parts of the country write letters asking for legal opinions upon questions covering the whole range of banking and commercial law, civil and criminal; in some cases these questions involve matters in actual controversy between bank and customer or between two banks, in others the construction of some form of negotiable or banking document designed for practical use and in still others, questions of a purely hypothetical nature. Such of these as can be readily answered are immediately replied to, but as to those questions which involve time and research the rule has necessarily been, unless the case is of particular exigency, to give precedence to legislative and other committee work whenever that is of a more pressing nature. Notwithstanding the press of other duties, your General Counsel has found time to investigate and reply to a large number of such questions and an examination of my records shows that during the five months which have intervened since the November Convention, just 125 written opinions have been prepared and rendered to members of the Association, which makes an average of twenty-five for each month. A majority of these replies are printed for the general information of members in the monthly Journal of the Association.

Concerning the advisory branch of the work, the Law Office of the Association is an open Forum which is resorted to, not only by officers of the Association and of the Sections but by bankers visiting the city and by members over the local and long-distance telephone, for interviews and information of a legal nature.

The relation of the General Counsel to certain committees of the Association with whose work he is more intimately connected, namely, the Committee on Law, Bills of Lading and Insurance as well as the nature of his office as legal representative of the Association, entails an extensive correspondence and numerous other activities in the drafting of laws and documents, arrangement of meetings, preparation for and attendance upon Legislative hearings, the making of addresses and interviews and conferences of various kinds. Detail as to all this would be superfluous.

I have attempted in the above to describe in a general way the nature of the duties performed by the General Counsel. As to the utility of the work and the importance of the office, the members of this Council and of the Association must of course be the judges.

(Report received and filed.)

#### Manager Gammon of Protective Department.

IT does not seem necessary for me to go into any details, as the report of the Standing Protective Committee is printed.

I might state that we have not received a single complaint from a bank since the 1st of September as to any action of the Protective Department.

(Report received and filed.)

#### Condensed Report of the Standing Protective Committee.

New York, May 1, 1912.

FOR the period covered from September 1, 1911, up to and including April 30, 1912, your Committee beg to report as to its operations against criminals, as follows:

Total cases not disposed of arrested prior to Sept. 1, 1911, .....	79
Total arrests since Sept. 1, 1911.....	150
.....	229
Convicted .....	100
Released, escaped, killed, and died.....	41
.....	141

May 1, 1912, awaiting trial .....

88  
Since the beginning of the present fiscal year, Sept. 1, 1911, up to and including April 30, 1912, there have been 31 burglaries, attempted burglaries, hold-ups, and sneak thefts reported on members of this Association, and 73 crimes of similar nature on non-members, as follows:

	Members.	Non-Members.
Alabama .....	1	1
Arizona .....	1	1
Arkansas .....	3	4
California .....	1	1
Colorado .....	1	1
Georgia .....	3	2
Idaho .....	1	1
Illinois .....	2	9
Indiana .....	1	2
Iowa .....	1	6
Kansas .....	1	1
Kentucky .....	1	1
Maryland .....	1	1
Michigan .....	1	1
Minnesota .....	1	1
Missouri .....	1	2
Montana .....	1	1
Nebraska .....	1	3
New Hampshire .....	1	1
New Jersey .....	1	1
New York .....	2	1
North Carolina .....	1	3
North Dakota .....	1	1
Ohio .....	2	2
Oklahoma .....	3	14
Pennsylvania .....	1	1
South Carolina .....	1	1
Tennessee .....	1	1
Texas .....	1	11
Utah .....	1	1
Virginia .....	1	2
Washington .....	2	1
Wisconsin .....	1	1
Wyoming .....	1	1
Total .....	31	73

It can be seen from the above table that the "Yegg" burglar has been most active in the States of Arkansas, Illinois, Oklahoma and Texas, especially against non-member banks, as there have been very few attacks in those States against members.

Of the 31 attacks on members but three were successful; 23 were unsuccessful, four hold-ups and one sneak theft. In some of these attempted burglaries entrance was not even gained to the banks, and in most of these attempts no explosives were used.

Of the 73 attacks on non-members they were practically all made by professionals, as amateur attacks on non-members as a rule are not reported to this Department.

For more detailed information refer to the Protective Committee report published each month in the Journal. The Protective Department has received 9,561 reports and other communications from our Detective Agents since Sept. 1, 1911. They have also received 901 letters and telegrams, and have written 2,311 letters and telegrams. This does not include circular letters and similar communications.

The gallery of the Department now contains 1,707 photographs of criminals, with the record of each criminal.

Our Detective Agents now have fifteen offices of their own located at Los Angeles, San Francisco, Atlanta, New Orleans, Boston, Minneapolis, Kansas City, St. Louis, New York City, Cleveland, Portland, Philadelphia, Pittsburgh, Seattle, and Chicago. They also have thirteen reliable correspondents, eleven being in prominent cities in this country, one in London, England, and one in Paris, France.

(Report received and filed.)

**Trust Company Section.**

F. H. GOFF, *Chairman Executive Committee*

I AM pleased to report a well attended meeting of the Trust Company Section Committee yesterday. Out of the total of eighteen members there were fourteen in attendance. The disbursements of the Section come well within the appropriation allowed. The work of the Section thus far has been principally confined to the work of the Protective Committee, which has sought to safeguard the use of the word "Trust" by incorporating companies. Some work has been done by the Legislative Committee in furtherance of the pending monetary legislative officers of the Section, deeming that it was wise to recommend to the several states the further safeguarding of the operation of trust companies in their fiduciary capacity, have suggested that a draft of a model law be prepared by the Council and considered by the Section to that end.

Mr. Paton has submitted a draft, which has been referred to a committee, and I am hopeful that at the Fall meeting it will receive the favorable consideration of the Section.

To add to the interest of the trust companies in the work done by the Section, it has been thought well to lend the influence of the Section to the giving of another banquet by the trust companies of the United States promoting the friendly feeling and giving an opportunity for larger acquaintance, and such a banquet is to be held at the Waldorf-Astoria on Thursday of this week. Some 650 representatives will be in attendance from 36 states. I may say that the expenses of that banquet is not borne by the Association or by the Section, but by those in attendance at it.

(Report received and filed.)

**Savings Banks Section.**

J. F. SARTORI, *Chairman Executive Committee.*

I AM somewhat taken by surprise because I did not know that the Chairman was to make this report. I supposed that the President of the Section would naturally make the report.

We have in our Section a Law Committee which is doing very good work principally on the subject of the segregation of savings deposits. We have a Committee on Methods and Systems, which has been very active during the past few months. We have a Committee on a School Savings System. We are of the opinion that it is a good idea to educate the children of the country in habits of thrift and economy; and this committee, headed by Mr. Hawley, of Minneapolis, is doing very active work and following up the various systems employed in different schools in the country, and making suggestions and recommendations on the subject.

We had a very full attendance of our committee at its meeting here yesterday, and all present are very active in the work.

(Report received and filed.)

**Clearing House Section.**

JOHN K. OTTLEY, *Chairman Executive Committee*

THE Clearing House Section has devoted its time and attention and energies since the New Orleans Convention to a very few subjects, and has concentrated its efforts on those subjects. Among them is the numerical system, with which you are all familiar. By unanimous consent practically the right of way of the section has been given to the introduction of the numerical system, and it has been a tremendous undertaking. The work was started under the regime of Mr. Van Vechten, and, as he was so familiar with the work, the Executive Committee by resolution delegated that this work should be under his especial charge, and the Special Numerical Committee of three Chicago Bankers who were instrumental in working out the plan have been continued. Splendid work has been done along this line, and we are pleased to report progress.

The banks throughout the country have been communicated with by circular on the subject, and by correspondence, and the lithographers and printers have been interested in the work, and special local committees throughout the country in various places have been organized to take up and continue the work. Very slight opposition has been made to the adoption of the system and only in a few cases, and in these cases it is by the analysis department of some of the larger banks. The analysis department men claim that the work was so easily handled under the numerical system. In most of these cases, however, through our committees and the secretary of our section, when the details were gone into, this opposition has been eliminated. Our Section yesterday, with a view of stimulating interest in the numerical system, decided to offer a prize for the best article on handling the analysis department under the numerical system, open for members of the Institutes throughout the country.

We thought that would be stimulating to the members of the Institute as well as helpful to the numerical system.

Another feature is that of Clearing House reports. At the New Orleans Convention I was requested to report a Committee of five bankers from New York, which was done, consisting of Mr. James M. Donald, Mr. Talcott, Mr. Alexander, Mr. Clark, and Mr. Edward Earl, and they with the assistance of the Secretary of our Section have corresponded with the leading Clearing Houses throughout the United States, first, to ascertain the manner of making up of their report, and second, with the idea of gathering information and data and suggestions as to the best manner of a uniform report; and I am pleased to state that considerable progress has been made on this line and the Clearing Houses throughout the country have very generally responded. We find that there is nothing like a uniform system of making a report. So that the reports that are made by the Clearing Houses as to their clearings really do not indicate what they were intended to indicate—that is, the actual business transacted in various cities incident to the difference in the making of the report, and the Committee carefully considered that subject and have agreed upon what they are going to propose to the leading Clearing Houses throughout the country with a view to securing their co-operation as to a uniform plan of reporting.

Another subject on which the subject has given attention is the matter of Clearing House examiners. Considerable correspondence and investigation has been had and a number of the leading cities have Clearing House examiners which, in the opinion of the Executive Committee tends towards better banking; and we are glad to report that a number of other cities are considering doing likewise. The Clearing Houses that have this system in operation are very well pleased with it. A lack of information, we are inclined to think, is the reason that more of the Clearing Houses do not take it up. We have gathered data and now have in preparation a pamphlet for distribution among the Clearing Houses as to the manner of operation of those associations which have taken it up.

Another subject which we have given some attention to is the matter of the collection of country checks. I am glad to report that shortly previous to the New Orleans meeting this Section for the first time secured the services of a Special Secretary—that is, a man to give his entire time and attention to the work—and Mr. Wolf is the Secretary of our Section, and he has been very alert and energetic, and, in view of the fact that he has given his whole time and attention to the work, we consider that for the past five months a great deal has been accomplished.

I want to say on behalf of the officers of our Section and the members of the Executive Committee, one and all, that they are not only able men but that they are very much interested in the work of the Section, and they give all the time and attention and thought to it that is necessary and that I believe that we cannot fail to accomplish good work in the future.

(Report received and filed.)

**American Institute of Banking Section.**

CARROLL PIERCE, *Chairman Executive Council*

I DO not desire to burden you with any very lengthy report, but I will say that the time for the last six months has been taken up principally with courses that are being handled by the different chapters in the United States, and I am glad to report that there are more courses being taken by Institute men this past winter than ever before. We expect to graduate four more bank clerks at the coming examination than in any year since the organization of the American Institute of Banking.

It is not necessary to explain the work that the Institute is accomplishing, because we feel that the members of this Council are in touch with the work. We believe we are accomplishing in a measure the objects for which the Institute was founded. It is a notable fact that in those cities where the Institute is doing its best work most of the promotions and the executive positions are filled by men who come from the ranks of the membership of the American Institute of Banking.

We are not doing as much work as we should like to do among the country bankers. The correspondence course is the same as that handled by the chapters, and every bank clerk in the United States has at his command the courses and the lectures prepared by the educational director. It is our desire to formulate a plan at the next convention, which is to be held at Salt Lake City in August next, that will bring this matter in a more concrete form to the average clerk in the country bank.

All the expenses of the Section are being borne by the Institute, and we think that we are in a very satisfactory condition.

(Report received and filed.)

**State Secretaries Section.**

J. W. HOOPES, *President*

(In the absence of Mr. Hoopes, Col. Farnsworth made Report)

PERHAPS it is due to the President of the State Secretaries Section, who is a representative of this Council from that Section, to explain why he is not here. When the Administrative Committee took up the matter of the selection and time of this Council meeting it seemed to them wise and best that the date selected, the 6th of May, would be preferable to an earlier date. Our May meetings are generally held the first few days in May. The Texas Bankers Association had selected for its convention this week, and Mr. Hoopes is, the Secretary of that Association, and of course is prevented from being present here.

As a former Secretary of the Organization of Secretaries, I feel that the Section should be represented by at least a few words. The organization of Secretaries is a self-supporting association. It has not asked the American Bankers Association to furnish it with any funds. It publishes its annual proceedings, which book came out very shortly after the New Orleans Convention in very handsome form.

On the call of some of the Western Secretaries a meeting was held in March in Chicago, of fourteen State Secretaries, comprising principally the States in the Middle West, and they had a two days' meeting and discussed and worked during all of the time; in fact, the Chicago contingent gave them their breakfast in the morning and their luncheon at noon, and kept them together and gave them their dinner at night. So that they did two days of very hard work.

I look upon the Organization of Secretaries as a Section of the American Bankers Association—that it is a valuable adjunct to the American Bankers Association. While they are not called upon to act directly with us at these meetings, still the good work is going on throughout the United States with all these state associations. We have no forty-six state associations. The only states that have not associations are Delaware, New Hampshire and Rhode Island. Most of the state associations are alive and energetic, with a membership in the 46 states of 26,000. Ten years ago we did not have to exceed five good state secretaries, and at that time probably not more than one or two, and a small membership. Through this organization of secretaries and their annual meetings they watched the various state secretaries, and today we have thirty-five of as bright and smart young men at the head of these state associations as you could find anywhere in the country and they are all working for the cause and they are of inestimable benefit to the American Bankers Association.

(Report received and filed.)

**Currency Commission.**

A. B. HEPBURN, *Chairman*  
 JAMES B. FORGAN, *Vice-Chairman*  
 MYRON T. HERRICK  
 JOSEPH T. TALBERT  
 JOHN PERRIN  
 SOLOMON WEXLER  
 E. K. GURNEY  
 JOSEPH A. MCCORD

J. F. SARTORI  
 FESTUS J. WADE  
 GEORGE M. REYNOLDS  
 LUTHER DRAKE  
 ROBERT WARDEOP  
 E. F. SWINNEY  
 W. V. COX  
 FRED. E. FARNSWORTH,  
 Secretary

May 7, 1912.

YOUR Currency Commission has little to report, the Commission not having held any meetings since the New Orleans Convention. It is the opinion of the Commission that it would be better to husband its resources and activities until hearings shall be given by the Banking and Currency Commission of the House and the Finance Committee of the Senate on the proposed bill of the National Monetary Commission.

You are aware that the so-called "Aldrich plan" was prepared as a bill by the National Monetary Commission and presented to Congress on January 9, 1912. There has been a concerted effort on the part of organizations interested in this legislation to secure from the Banking and Currency Commission of the House a promise that hearings will be given on the bill during the present session of Congress, which would probably enable the committees to report the bill early during the next session.

The National Citizens' League of Chicago and New York is carrying on a vigorous campaign with business men and business organizations throughout the country.

Your Currency Commission has caused to be distributed to the banks of the United States which are not members of The American Bankers Association a pamphlet (accompanied by a letter) entitled "Small Banks and the National Reserve Association"; and on our order the subject matter of this pamphlet has been published in the "Journal-Bulletin" of this Association, thus supplying the members with this educational literature.

We believe that the "Journal-Bulletin" should during this period furnish the members with desirable information relating to the proposed bill.

Your Currency Commission will be alive to the importance of this subject when it appears that it can do the most effective work in furthering the interests of advanced banking and currency legislation.

(Report received and filed.)

**Finance Committee.**

CHARLES H. HUTTIG, *Chairman*  
 WM. C. POILLON  
 RALPH VAN VECHTEN  
 T. R. PRESTON  
 EMORY W. CLARK  
 J. FLETCHER FARRELL

R. C. STEPHENSON  
 W. J. BAILEY  
 LEDYARD COGSWELL  
 C. G. HUTCHESON  
 JAMES K. LYNCH

(In the absence of Mr. Huttig, the report was read by Mr. Van Vechten.)

THE Finance Committee held two sessions yesterday. We went over the budget very carefully, and also the demand for increased appropriations, and also the prospective amount of funds already appropriated which will not be used, and, as a result, we have made certain recommendations:

That appropriations be made to the sections and committees to an amount necessary for carrying on their work for the balance of the fiscal year.

I will present resolutions in the order in which they were passed. The first is as follows:

"Resolved, That for the purpose of economy, hereafter the Savings Bank Section, the Trust Company Section and the Clearing House Section publish separately their proceedings, which publication shall be made under the supervision of the General Secretary."

We found if by going over the figures that this would result in a saving of probably between five and six thousand dollars. The next resolution was as follows:

"Resolved, That the Finance Committee recommend the various sections of the American Bankers' Association and to the Administrative Committee, and others, that shall have authority to appoint committees, that in selecting committees necessary to the work of the Association said committee so far as practicable shall be chosen from the membership of the Executive Council of the American Bankers' Association or from the Executive Committees of the Sections. This recommendation is made in the interest of economy, which your Committee feels is indispensable to the welfare of the Association."

The next recommendation is that an amendment be made as follows:

"That the Committee on Amendments provide that

the dues of private bankers and banking firms be revised in accordance with the capital employed."

"That after the payment of the present calendar year, 1912, no appropriation be made in behalf of the Clearing House Banks for the purpose of entertaining the delegates in the respective cities where the conventions might be held. It has been the custom heretofore to appropriate \$5,000 for this purpose, and, under this plan, the Association would merely pay the actual expenses of taking care of its own organization, amounting to perhaps \$500."

NOTE.—In a discussion which followed the reading of this report, General Secretary Farnsworth, in answer to inquiries by members of the Council, gave information covering different phases of the finances of the Association. He called attention particularly to the administration expenses, and said: "That means the salaries of the officials or the salaries of the people employed at Eleven Pine Street. It also embodied the traveling expenses for the officers of the Association and a great many incidental expenses which come in. I want to show you by these figures that the administration expenses of the Association have not increased in proportion to the general expenses of the Association. The administration expenses in 1907 were \$25,000. In 1908, \$29,900. In 1909, \$32,000. In 1910, \$28,000. In 1911, \$36,000."

(Report received and adopted.)

Law Committee\*.

PIERRE JAY, Chairman  
I. H. ORR  
JOHN H. STURGIS

J. F. HAGEY  
L. H. DINKINS  
THOMAS B. PATON

At the May (1911) meeting of the Executive Council the following instructions were issued to the Law Committee:

Whereas, Twenty-six States have considered it wise public policy to provide by law a special standard of investment for savings deposits; and

Whereas, Ten of these States, namely, California, Connecticut, Idaho, Massachusetts, Michigan, New Hampshire, Ohio, Rhode Island, Texas and Vermont, have made their respective standards effective by providing that they shall apply to the investment of all savings deposits, whether held by savings banks, State banks or trust companies; and

Whereas, The responses to an inquiry circulated by the Federal Legislative Committee of this Association, in February, 1910, among the national banks of the country, indicate a very general and widespread approval of the principle underlying such legislation; therefore, be it

Resolved, That the Standing Law Committee be instructed to investigate the subject fully, and report to the Executive Council at its next meeting:

(1) The conditions in the ten States above mentioned which led to the general adoption of the principle of special investment for savings deposits;

(2) The opinion of the Committee as to the conditions under which the adoption of the principle in other States is practicable;

(3) The opinions of as many members of this Association as it may be feasible to obtain, whether the further adoption of the principle is advisable and practicable;

(4) Any recommendations which their investigation of the subject may lead them to make.

Pursuant to the foregoing resolutions, the Law Committee has investigated by correspondence the conditions which led to the adoption of the laws in question in California, Connecticut, Idaho, Massachusetts, Michigan, New Hampshire, Ohio, Rhode Island, Texas and Vermont, and has held meetings in Michigan, Ohio, Illinois, Minnesota, Iowa, Missouri, Louisiana, New York and Kentucky, at which there were obtained the opinions of many bankers from these States, as well as from Wisconsin, Indiana, Alabama, Tennessee, Mississippi, New Jersey and Pennsylvania—in all twenty-four States, holding a majority of the entire savings deposits of the country. Verbatim reports of these conferences were made, and are submitted as Appendix "A" of this report.

The resolutions of the Executive Council instructed the Committee to report under four headings, which will be dealt with in the order in which they there appear.

I.

THE CONDITIONS IN THE TEN STATES ABOVE MENTIONED, WHICH LED TO THE GENERAL ADOPTION OF THE PRINCIPLE OF SPECIAL INVESTMENT FOR SAVINGS DEPOSITS.

\* This report will be published in pamphlet form and copies can be procured upon application to Pierre Jay, Chairman Law Committee, 40 Wall Street, New York City, or Thomas B. Paton, General Counsel, 5 Nassau Street, New York City.

The State laws above referred to are commonly known as "Segregation Laws." Under their provisions loans and investments of classes prescribed by law, equal in amount to the savings deposits, are set aside as security for such deposits.

The Committee submit, as Appendix "B," their preliminary report made to the Council at New Orleans, giving a summary of the conditions in each of these States which led to the adoption of its segregation laws, together with copies of these laws. Generally speaking, the Committee believe that the passage of the laws arose

(1) From a realization that as the payment of savings deposits might at any time be deferred by the banks for thirty days or more, they should have their own assets; or

(2) From a desire to give a special measure of protection to a class of deposits which usually represents all or nearly all the savings or capital of the depositor, in contradistinction to commercial deposits, which represent but a small proportion of his capital; or to depositors who are unable to invest their money themselves.

II.

THE OPINION OF THE COMMITTEE AS TO THE CONDITIONS UNDER WHICH THE ADOPTION OF THE PRINCIPLE IN OTHER STATES IS PRACTICABLE.

To enable them to express the opinion thus called for, the Committee felt that conference, rather than correspondence, with bankers in many sections of the country was essential. They therefore held conferences as above stated, usually lasting all day and attended by from ten to fifty bankers. These conferences at these meetings brought out every shade of opinion, and before expressing their own opinion, as requested, the Committee desire to present a summary of these discussions under the following headings:

A. What is a savings deposit?  
B. What reasons, if any, are there for separate investment of savings deposits?

C. What reasons, if any, are there for special investment of savings deposits?

D. What investments are appropriate for savings deposits?  
E. Opposition to segregation, and experience under its operation.

F. The conditions under which the adoption of the principle in other States appears to the Committee practicable.

A. WHAT IS A SAVINGS DEPOSIT?

Irrespective of the varying conditions under which it is opened, we find that bankers understand quite generally that the typical savings account is for money saved or to be saved; that is, for investment and accumulation. It is opened to enable the depositor to place in it the money he has been able to save, with the expectation that it will be permanent and perhaps accumulate. In this respect it differs wholly from the typical commercial account, which is opened to facilitate the transfer of funds by check or to serve as a basis for obtaining credit. Commercial accounts are drawn upon and replenished daily, but savings accounts, in Massachusetts, for example, average about one deposit and one withdrawal a year. Savings deposits, then, are put in to be left in, while commercial deposits are put in to be drawn out. The savings account has a constant and increasing balance, while the commercial account has a fluctuating and average balance.

Between these two types of deposits is a third and less homogeneous one—the certificate of deposit. Certificates usually represent temporary deposits of substantial amounts, awaiting investment or other use. But in some States, either merely from custom or because the Legislature has prohibited the use of the word "savings," savings deposits are made largely against certificates, issued in small denominations, under more or less the same conditions as the larger certificates representing more temporary deposits. Certificates of deposit are issued under many different conditions, for example:

(a) Certificates payable on demand, carrying a low fixed rate of interest;

(b) Certificates payable on demand, but carrying a higher rate of interest if left for designated periods;

(c) Certificates payable at the end of designated periods, bearing fixed rates of interest;

(d) Certificates payable on demand, bearing a fixed rate of interest, but with a proviso that payment may at any time be deferred by the bank for thirty days or more.

While (d) is the typical "savings certificate," it appears that a large volume of what the bankers recognize as savings deposits are taken upon forms (b) and (c). The fact that in some States two classes of deposits are often, in the same bank, received upon the same kind of certificates complicates but does not prevent the determination of which deposits are savings deposits. In



other States this determination is also complicated by the practice of receiving large temporary deposits upon pass books in the savings department.

In Michigan, interest-bearing certificates of deposit are issued in both the commercial and savings departments, the banks retaining the right in case of savings certificates, as in the case of savings deposits on pass books, to require notice before withdrawal.

The fundamental differences between savings and commercial accounts have led to different regulations governing their receipt and withdrawal. The two which most generally prevail are:

(a) The commercial depositor may deposit and withdraw without presenting his pass book, while the savings depositor must present his pass book with every transaction;

(b) The commercial depositor may withdraw his deposit without notice, while the savings depositor may be required to give thirty days' notice or more before withdrawing.

It is the latter regulation—the right of the bank to defer its withdrawal—by which in this country, as in others, the savings deposit is distinguished from all other deposits. This right was doubtless originally reserved to save the bank from having to sacrifice the somewhat permanent investments of the characteristically permanent savings deposits, to meet sudden demands of its depositors; but in practice it is equally effective in protecting the depositors against their own hasty and ill-advised action.

The Committee is convinced, from talking with them, that most bankers know which of their deposits are savings, and that it is not necessary to define them by law. In fact, only one State, Massachusetts, attempts a definition, which in substance is this:

a. All deposits solicited or received as savings.

b. All deposits which may be withdrawn only on presentation of the pass book.

c. All deposits of which the payment may be deferred by the bank for thirty days or more.

In practice, the need of a definition is only at the time savings deposits are first segregated. After that is accomplished, new accounts go naturally to their appropriate departments. Precise definition is difficult, perhaps impossible, but the Committee have found that this has not prevented a separation satisfactory to the bankers in those States having segregation laws.

**B. WHAT REASONS, IF ANY, ARE THERE FOR SEPARATE INVESTMENT OF SAVINGS DEPOSITS?**

The Committee have found two principal reasons advanced for giving savings depositors their own assets:

(1) Because they may become deferred creditors.

(2) Because their deposits represent all or nearly all of their savings or capital, and because a savings depositor is seldom capable of doing his own investing.

**(1) BECAUSE THEY MAY BECOME DEFERRED CREDITORS.**

The Committee have found that even in the States where there is no segregation a considerable body of bankers feel that the acceptance of two classes of deposits, one demand and the other deferrable, carries with it an obligation to set aside for the deferrable deposits a corresponding amount of assets which must be held for their repayment and may not be either sold or hypothecated to satisfy the demands of depositors which cannot be deferred.

On the other hand, many bankers who either retain no right to defer the payment of savings deposits, or who, having the right, have never exercised it, from the point of view of their own strong institutions, feel no obligation to their savings depositors different from that which they feel toward all their other depositors.

A Kentucky banker said, "If you can force certain depositors out of the line at your paying teller's window, and make them wait sixty days, you certainly ought to keep out enough assets to be ready for them when their turn comes."

For strong, solvent and well-managed banks this, as well as any regulation whatever, is unnecessary. Our banking legislation, however, springs from a realization that under our system of individual banks some regulation and inspection is necessary to protect depositors against bankers who may be either inexperienced improvident or prone to use the funds of their bank for their own improper advantage. The object of legislation is to control the weak and inexperienced by crystallizing into law the practice of the strongest and best.

**(2) BECAUSE THEIR DEPOSITS REPRESENT ALL OR NEARLY ALL OF THEIR SAVINGS OR CAPITAL.**

Savings banks were started to encourage thrift among persons in moderate circumstances by providing places where their savings might be safely invested. The people they were intended to and do reach have not the financial experience to invest their savings wisely, nor, on the other hand, even if they had the experience, would it be

practicable for each to invest his small savings separately. It is by providing a place where these small piles may be gathered together for common investment that the wage-earners have been able to avail themselves of the same investments as people with large sums to invest. The accumulation thus created and encouraged has been of an great advantage to the community in supplying it with capital as it has been to the savings depositors in giving them a return on their investment.

Twenty years ago the volume of savings deposits outside the mutual savings banks was relatively small. Today, through the initiative of the American banker, thrift is being everywhere encouraged, and savings received by all kinds of banks, national, state, private, and trust company, as a department and natural accompaniment of their general business. While many bankers see no distinction between their obligation to the two classes of depositors, a large number of other bankers recognize an obligation to give special care in investing those funds which represent substantially all the savings or capital of a class of people who, without financial judgment or experience themselves, rely wholly upon the integrity and ability of the banker; and recognize that while the loss or impairment of his deposit may be an inconvenience to the commercial depositor, to the savings depositor it is generally a calamity.

**C. WHAT REASONS, IF ANY, ARE THERE FOR THE SPECIAL INVESTMENT OF SAVINGS DEPOSITS?**

The fact that the payment of certain deposits may be deferred is advanced as the reason why a corresponding amount of assets should be set aside for them; and the fact that such deposits usually represent all or nearly all the capital of people without experience, either to invest it themselves or to discriminate between strong and weak banks, is the usual reason advanced why the assets thus set aside should be of an especially safe character. Opposed to those who believe that a bank offering to accept the small savings of the wage-earners assumes a special responsibility are those who, looking at the subject from within their strong and solvent institutions, feel no special responsibility for these deposits because of the consciousness of their ability to meet the demands of all their depositors.

But there are two other aspects of the subject: One, the advantage to the community of the encouragement to thrift which arises out of a confidence that savings are equally and especially safe in whatever bank they may be deposited; the other, the advantage to the banker of the stimulation of deposits which such a confidence engenders. The interests of the banker and the depositor are inseparable. What is against the interest of the depositor is in the long run against the interest of the banker. What keeps away deposits keeps away profits; conversely, what increases deposits increases profits. Can there be any doubt that under such conditions an active educational campaign would largely increase savings deposits and through such increase would add to the profits of the banker, the prosperity of the depositor and the welfare of the community?

**D. WHAT INVESTMENTS ARE APPROPRIATE FOR SAVINGS DEPOSITS?**

Whether assets should be set aside for savings deposits is a general question; what those assets should be is a purely local matter. No investment law for the segregated assets is practicable which to any considerable extent either takes money out of communities originating it, or out of channels in which it is now properly employed.

The Committee are agreed that legal regulation of savings investments not only should not, but need not, result in either. They are equally agreed that no uniform investment law for the country at large is practicable, and that State legislation on the subject should merely attempt to crystallize into law the best banking practice prevailing within its borders. What is one man's meat is another man's poison. Investments appropriate for savings in Massachusetts might be wholly unsuitable for savings in Iowa. In New England the surplus of bank funds over home demand requires some kind of investment outlet; in some parts of the South the excess of demand over supply suggests and permits the employment of bank funds at home; yet in either way savings may be safely invested.

The four great classes of investments common to all banks are:

1. Loans secured by real estate.
2. Bonds.
3. Commercial paper.
4. Collateral loans.

A workable law for the investment of savings deposits should secure for them the safest kinds of mortgages, bonds and loans available locally. While it may permit investment in high-grade bonds not of local origin, it should be so drawn as not to oblige a bank to go out of its natural loaning territory to invest its savings deposits.

But it is a question whether it should permit any large proportion of the deposits to be invested in bonds of distant maturity. Long-time bonds of the highest grade, by their heavy and continued declines, have threatened the solvency of many a bank in this country and in Europe which has been required by law to invest principally in them. They have also in many cases proved to be unavailable assets in times of panic. It is, therefore, the opinion of many bankers that where any substantial proportion of the funds is invested in bonds, and where mortgage loans are not readily salable, banks holding these more fixed forms of investment should be protected against the necessity of sacrificing them by carrying an adequate volume of short-time, high-grade commercial paper as a liquidating asset and a secondary reserve. In this respect the Michigan and Massachusetts standards of investment for savings deposits are quite similar. Each permits one-third of the deposits to be invested in commercial paper or collateral loans, and requires the other two-thirds, beyond the reserve carried, to be invested in real estate mortgages, municipal, railroad and other bonds. The investment standards of many States seem to be impracticable in operation, as, for example, those of Pennsylvania, Missouri, Indiana, Wisconsin, Minnesota and West Virginia, in which States but a small proportion of the savings are invested under their savings bank laws.

Investment laws, to be workable, should be prepared by bankers in the light of broad experience and local practice. In addition to describing the classes and standards of the various loans and bonds, certain restrictions should be added limiting the amount which may be invested in any one kind or class of security, as well as the amount to be loaned any one person; but these should not be such as to hamper the initiative of the wise and careful banker. The enlightened self-interest of a good banker may be one of the most valuable agencies in drawing out hidden savings and developing the savings habit in the community.

**E. OPPOSITION TO SEGREGATION, AND EXPERIENCE UNDER ITS OPERATION.**

Such opposition to the idea of segregation as has developed at the various conferences with bankers has been based on one or more of the following objections, or on one of those already discussed:

(a) The record of bank failures in the past makes any further protection of savings deposits unnecessary.

(b) Wherever there is effective bank supervision, segregation is unnecessary.

(c) As the proportion of capital and surplus to deposits in commercial banks is much greater than the proportion of surplus to deposits in mutual savings banks, savings depositors in commercial banks are amply protected and need no special investments.

These are expressions of individual opinion which the Committee do not feel able to discuss further than has already been done in the foregoing pages. The Committee believe, however, that effective supervision is essential to effective segregation.

(d) The validity of a segregation law might be questioned on constitutional grounds.

The Committee are informed that both the Michigan and the New Hampshire segregation laws have been sustained by the highest courts of those States.

(e) It would be unfair to the national bankers if a Federal segregation law were passed without the simultaneous enactment of State laws; conversely, that it would be unfair to the State bankers in any particular State if a State law were passed unless similar provisions were simultaneously enacted for national bankers.

This, again, is a matter of individual opinion. The only information the Committee have been able to gather upon it is a general expression of approval from bankers in segregation States; the unanimous vote of the Michigan bankers present at the Detroit Conference to the effect that if they could have the segregation law repealed and return to the banking conditions prevailing in the neighboring States they would not desire to do so; and the fact that in California the proposal to segregate the savings assets was approved at the State Bankers' Convention by a vote of 176 to 15 before the law was enacted. The Committee have also noted that in Massachusetts, since the segregation law was enacted in 1908, the number of trust companies operating savings departments under it has more than doubled.

(f) It is impracticable because it is difficult, if not impossible, to frame an exact definition of a savings deposit.

This objection has been discussed fully on pages 4, 5 and 6.

(g) It is impracticable because it would entail additional books, employees, space and expense.

In States where the segregation is most complete, as in Texas, Massachusetts and California, the savings department is operated substantially as a separate institution, but in the same room, by the same officers and clerks as the rest of the bank, and protected by the general capital and surplus. Separate books are kept, and the securities and loans of the savings department are kept in a separate box in the safe. Separate windows, tellers and clerks are not maintained for the savings department unless the volume of business warrants it. The weight of testimony is that the expenses are not increased to any appreciable extent. Whether or not segregation decreases the profits depends entirely on the kind of loans and investments in which the savings assets must be invested.

(h) It would reduce the amount of funds available for local industry.

At the Michigan Conference but few complaints were heard that the investments there prescribed caused any lack of funds for local industry. These came entirely from country districts, where the farmers appeared to be unwilling to give mortgages to secure their loans. But here, again, the validity of the objection depends on the kind of investment law the State prescribes.

(i) It would make the savings depositors preferred creditors.

Savings deposits in all segregation States, except California, rank as "secured deposits," not as "preferred deposits." A preferred deposit has a prior lien on all the assets of the bank. A secured deposit has a prior lien only on the assets especially pledged to secure it. In this respect it is like the deposit of a State or municipality for which the bank has pledged a part of its assets as security. If the savings depositors are not paid in full from the savings assets, they have a claim for the unpaid balance, equal with that of all other creditors, on the general assets of the bank, including the assessments of the stockholders. In California the savings depositors have a prior claim on the savings assets, but if these prove insufficient, they have no claim on the other assets of the bank until after all other depositors are paid in full.

(j) It might alarm the commercial depositors and cause them to place their funds elsewhere, especially at such times as the bank exacted notice from its savings depositors before permitting them to withdraw.

In Michigan the testimony was to the contrary. In 1907 the commercial depositors appear to have felt relieved by the fact that as the savings depositors were being held off, there was no reason for them to withdraw their funds; nor did the commercial depositors interpret the action of the banks in requiring savings depositors to give notice of withdrawal as a sign of general weakness. In fact, the Committee have learned of several experiences in non-segregation States where, in actual practice, requiring notice from savings depositors has not only not precipitated unusual withdrawals of commercial deposits, but by stopping a run on the savings deposits, and giving time to allay unfounded alarm, has reassured the commercial depositors who might otherwise have had to face the possibility of having their funds locked up in a temporary suspension of all payments by the bank.

**F. THE CONDITIONS UNDER WHICH THE EXTENSION OF THE PRINCIPLE IS PRACTICABLE.**

The Committee believe that the extension of the principle is practicable in other States:

1. When a majority of the bankers in a State believe that such legislation is in the interest of the banker as well as of the depositor.

2. When the law requires only those deposits to be segregated which the bankers of the State agree are typical savings deposits, namely, small, inactive, accumulating accounts, whether received against pass book or certificate.

3. When the investment section of the law is so drawn as to take money neither out of the community originating it nor out of the channels in which it is now properly employed, but permits for the investment of savings deposits the safest loans and securities available locally.

4. When the investment section of the law gives the bankers a reasonable time, say five years, to adjust themselves to its requirements.

The Committee believe that the extension of the principle to the national banking system is practicable under the foregoing conditions, with an added proviso that no uniform standard of investment shall be prescribed for the entire country, but that the savings of national banks in any State shall be invested under the standard which that State has prescribed for the savings departments of its State banks and trust companies.

III.

THE OPINIONS OF AS MANY MEMBERS AS IT MAY BE FEASIBLE TO OBTAIN, WHETHER THE FURTHER ADOPTION OF THE PRINCIPLE IS ADVISABLE AND PRACTICABLE.

For this purpose a circular letter and question sheet was sent to every member, which elicited 3,119 replies, being over twenty-five per cent. of the membership, excluding mutual savings banks and private bankers.

National banks.....	1,571
State banks.....	1,548
Total .....	3,119

With the circular was sent a draft of that part of the report above submitted, namely, headings I and II. This included a discussion of some of the chief reasons advanced at committee hearings and elsewhere for and against the principle of segregation, and gave the opinion of the Committee as to the conditions under which they considered the extension of segregation practicable. This discussion was to prepare the members to express their opinion as to whether the further adoption of the principle was advisable and practicable.

The questions asked and a summary of the answers to them (mutual savings banks and private bankers omitted), were as follows:

Question I.—Could you determine which of your deposits, whether on pass book or certificate, would be classified as savings deposits?

Answers:	Yes.	No.
National banks.....	1,055	302
State banks.....	1,064	280
Total .....	2,119	582

Question II.—Do you feel that where a bank retains the right to defer payment of savings deposits, it is under any obligation to set aside for them a corresponding amount of assets?

Answers:	Yes.	No.
National banks.....	766	769
State banks.....	802	639
Total .....	1,578	1,408

Question III.—Do you feel that there is an obligation to invest savings deposits differently from commercial and other deposits because they represent all or nearly all the capital of the depositor, or because savings depositors as a class are unable to invest their money themselves?

Answers:	Yes.	No.
National banks.....	665	883
State banks.....	723	785
Total .....	1,388	1,668

Question IV.—If so, should legislation prescribe the classes of loans and investments in which savings deposits should be invested?

Answers:	Yes.	No.
National banks.....	642	701
State banks.....	715	659
Total .....	1,357	1,360

Question V.—Do you believe that the further adoption of the principle of segregation and special investment of savings deposits under conditions described on page 12 is advisable and practicable?

Answers:	Yes.	No.
National banks....	694=47 %	797=53 %
State banks.....	753=52 %	632=48 %
All banks.....	1,447=50.7%	1,429=49.3%

Taking the replies by sections, New England showed a distinct trend in favor; New York, New Jersey and Pennsylvania a distinct trend against; the Middle West split exactly even; the South showed a slight trend against; the Rocky Mountain States split exactly even; the Pacific States show a strong trend in favor. A large number of mutual savings banks replied to the questions. Their answers, which are eliminated from the foregoing figures, were almost universally in favor.

These replies have been listed in such a manner as to show the views of each bank on each question asked. The lists and a tabulated summary thereof by States and sections are submitted as Appendix C.

ANY RECOMMENDATIONS WHICH THEIR INVESTIGATION OF THE SUBJECT MAY LEAD THEM TO MAKE.

The Committee, having investigated conditions in the segregation States, having expressed their own opinion as to the conditions under which the further adoption of the principle of special investment for savings deposits is practicable, and having also obtained the opinions of 3,119 members of this Association upon the subject, feel that they have completed their investigation.

Assuming that the answers received from one-quarter of our membership are fairly representative of the views of the other three-quarters, it is clear that the subject is one on which radically different views are held; that the subject is also a live one is clear to the Committee, not only from the interest evinced by the bankers who attended their hearings, but from the fact that two more legislatures—those of Maine and Colorado—have passed segregation laws since the last May meeting of the Council.

Not only are the bankers thinking about segregation, but the people through their legislators are thinking about it, too. What should this Association do about it? Certainly, not for the present at least, should it go on record for or against a plan upon which its membership is so evenly divided; but, equally, certainly, should it throw its meetings open to a full and free discussion of the subject.

Your Committee therefore recommend that at the next meeting of the Association in Detroit an entire session be allotted to the discussion of the segregation of savings deposits; that the subject be opened by two short papers, setting forth respectively the views of those who favor and those who oppose the plan, and that the reading of these papers be followed by general discussion.

(Report received and adopted, with the exception of the recommendation that the question of the segregation of savings deposits be referred to the next convention, which was disapproved. The report was ordered printed in the Journal-Bulletin.)

Federal Legislative Committee.

E. R. GURNEY, Chairman  
 JOSEPH A. MCCORD  
 E. F. SWINNEY  
 W. V. COX  
 J. F. SARTORI

May 7, 1912.

YOUR Committee on Federal Legislation, recently changed somewhat in its membership by the Administrative Committee, has not as yet accomplished very much, this partially on account of a lack of time for thorough organization, but more because of a disposition of party leaders to postpone any action with reference to important legislation, financial or other, until after the forthcoming election.

We have, however, kept in touch with events at Washington, and will be informed of developments, and will endeavor to be ready for any emergencies which may require close personal attention. In this connection we wish to make acknowledgment of the extent to which we lean upon our General Counsel, Mr. Thomas B. Paton, for his co-operation and assistance in all lines. Mr. Paton's knowledge of all pending legislation, and his watchful care for our interests, make doubly effective any work your Committee can do.

Only two measures of large interest to bankers have been introduced in Congress during the current year—one, the Pujo resolution, in the House, popularly known as a measure "to investigate the Money Trust," and the other, the National Monetary Commission's bill for currency and banking reform.

As to the former, it was not considered advisable by the Committee to voice any protest, even though the enforcement of the measure would entail much of inconvenience to banks by way of the vast amount of work involved in answering questions of a comprehensive nature, or even of embarrassment to certain clients or departments of banking. To oppose the adoption of the House resolution would have been futile, and it would have excited suspicion of our motives. For these reasons the Committee were silent. Moreover, as the section of the National Bank Act prohibiting inquisitorial powers is involved in the Pujo resolution, it will in all probability be necessary for your Committee to have the opinion of the counsel of the American Bankers' Association as to the status of banking and bankers and their obligations under the law of the confidential business of banking.

The present prospects are that nothing will be done at the present time with the Monetary Commission's measure. There seems to be no great interest taken, either for or against, and our national legislators seem to be in a waiting attitude, perhaps hoping to hear from home. In such situation it is very gratifying to know

that the National Citizens' League is doing an active and effective work throughout the country in the way of educating and arousing the public.

In view of the unanimous endorsement of the measure at the New Orleans Convention of the American Bankers' Association, your Committee consider it not only proper, but a real duty which they heartily welcome, to promote legislation, by such efforts as they may extend, toward the accomplishment of the reforms recommended by the National Monetary Commission, and to this end they will work in harmony with the League, and directly, at Washington.

We hope to be able to present a more comprehensive report one year hence, and to tell of something accomplished.

(Report received and filed.)

**Committee on Bills of Lading.**

CLAY H. HOLLISTER, *Chairman*  
J. A. LEWIS  
DANIEL G. WING  
NATHAN ADAMS

F. O. WETMORE  
W. M. INGLE  
SOLOMON WEXLER  
FRED. I. KENT

May 6, 1912.

**Y**OUR perennial Committee on Bills of Lading is willing to say that it has made progress since the Annual Meeting at New Orleans during November, 1911.

The Chairman of the Committee has been devoting himself particularly to the study of the "Saturday Evening Post," in order that he may be ready with documents in hand whenever called upon to prove his acts! His New Orleans publicity bureau carried out instructions in detail, with the result that the "bills-of-lading" cause is prospering. In spite of all that was hoped, it never was contemplated that the central bureau should be established in New Orleans! But, all joking aside, a great deal of earnest work has been done. The new members of the Committee have added to its efficiency. The Committee has been earnest in season and out of season in doing what could be done to forward the work, and it now gives me pleasure to state briefly what has been accomplished.

A meeting of the Committee was called in New York on January sixteenth. Several members of the Committee and several representatives of shippers' organizations also were present, and the form of the Bill-of-Lading Measure, which it was proposed to present again to Congress, was discussed in detail. At that time a suggestion was made to your Committee that it might be possible to obtain the co-operation of the railroad interests to a Bill-of-Lading Measure fashioned along the line of our request, which also permitted the railroads to make a charge for the extra service which they claimed would thus be rendered to the shipper. This suggestion was made in such way that it seemed advisable to submit it to all members of the Committee by mail, and this was done. The reasons for and against the proposition were outlined and the whole matter was submitted in detail to each member of the Committee. The consensus of opinion seemed to be that it was not wise to undertake the treatment of that important phase of the question in our bill; that the question of rates was one which might be properly settled by the Interstate Commerce Commission; and that if the railroads could show that there was an extra service, that they had their recourse through this Commission.

The next meeting of the Committee was held in Washington on the evening of February fifteenth. This was preliminary to the first hearing before the Senate Committee on Interstate and Foreign Commerce. Three hearings were held, consuming five days, on February 16th and 17th and on March 1st, 2nd and 15th. The bills under discussion were Senate Bill 957, which was practically the same as the Stevens Bill introduced at the last session; and there was also before the body Senate Bill No. 4713, which had been introduced by Senator Pomerene of Ohio, being a copy of the Uniform Bills of Lading Act approved by the Commissioners on Uniform State Laws for State enactment, which is now the law in nine states. The hearings were in charge of the attorneys for the bankers and shippers. Professor Williston conducted the case for the bankers; Mr. Paton was associated with him. There were present other attorneys representing shippers' organizations. Mr. James of Cincinnati presented the case of the shippers, who were urging the passage of the Pomerene Bill. The discussion went on at great length, very many witnesses for both shipper, banker and railroad being called. The result of this hearing, as far as our Committee is concerned, was the final modification of Senate Bill No. 957, known as the Stevens-Clapp Bill by a short draft presented by Messrs. Williston and Paton to Senator Clapp, the Chairman of the Committee. This short bill was drawn because of the apparent willingness on the part of the Senators to consider some short measure, which was not complicated and seemed to meet the demand for a law which, if laid down, would controvert the present ruling under the Friedlander case, which

has been the bone of contention of all of our troubles. This brief document would serve to controvert the Friedlander case; would make the railroad responsible for the act of his agent in issuing bills; would cover liability on bill not taken up when goods were delivered; and would also take care of duplicate bills. So far as the Pomerene bill is concerned, while urged by many shippers and entirely satisfactory to us, we have not supported it because we have been advised by our political friends that the shorter measure is the only practical measure to urge, as it avoids controversy on many details that may seriously postpone any legislation.

The modified draft, together with all of the other bills presented now rest in the hands of the Senate Committee and have not yet been reported out in any form.

It is expected that the Senate Committee will shortly act and report out a measure, which will be as simple as possible, to cover the points which have been raised.

Meanwhile another measure has been introduced in the Senate looking to the prosecution of any parties who forge bills-of-lading. Such legislation while generally beneficial, could not properly be incorporated with our act.

Your Committee have made earnest efforts to have these bills discussed before the House Committee on Interstate and Foreign Commerce and it is expected that an early hearing will be given by the House Committee upon this important matter. The Chairman of the House Committee, Mr. W. C. Adamson of Georgia, has had a measure of his own introduced in addition to the bills heretofore noted, which measure, among other requirements, provides that any banker who purchases a shipper's draft shall first, before advancing the money, ascertain by actual inquiry and investigation, that the shipment described in the bill-of-lading was really delivered to the carrier, whose agent purported to sign said bill-of-lading, and provides that if any bank agent or officer shall violate this provision he shall be guilty of a misdemeanor and, on conviction, the bank shall be punished by a fine not exceeding \$5,000.; and the agent or officer thus accepting the bill-of-lading shall be punished by a fine of \$5,000. or imprisonment of not exceeding five years, either or both by the discretion of the Court, and in addition thereto both the bank or such agent or officer shall be liable to any subsequent holder or indorsee or assignee of said bill-of-lading for all losses sustained by reason thereof.

The practical impossibility of any bank following out these provisions, except possibly a bank in a small town at an initial point of shipment, is perfectly apparent. Even then the question would naturally arise as to whether the statement of an agent, that he had received the particular shipment, to a bank officer, would be any more binding than the bill-of-lading which he had previously issued showing that he had received such a shipment. What agent or officer of the road could give the final word on the subject? There are numerous conditions which would arise just like this which would make a provision as suggested wholly impracticable.

Your Committee has in every way possible sought to bring to the attention of Congress the need of bankers and shippers for this legislation. The Congressional and Senate Committees have both been fully advised of the feeling on the part of the interested parties.

We would now ask that the Executive Council, in any way that they can, give such publicity to the demands of shippers, for an improved bill-of-lading, that Congress shall give prompt and serious attention to passing the proper legislation.

In the various discussions the Committee has come more and more to the conviction that there are many ramifications of the bill-of-lading problem, and that the bankers' interests will be served to a very satisfactory degree by the passage of the short instrument, which does not attempt to delve into all of the fine and complicated distinctions and requirements which might be expressed in legislation dealing with different commodities and with different conditions. We have sought therefore only to establish principles of ruling which could be used in a general way to determine the responsibility of the principal—the railroad—over the acts of its agents.

Following out the instruction of the Convention at New Orleans, no action has been taken with regard to the Central Bureau. It is in operation as formerly, but entirely apart from and without any connection with the Bill-of-Lading Committee.

The gist of the matter is, of course, the question of cost to the railroads. They see the necessity of employing a class of agents who shall not only be honest but more efficient. This will cost more money. It will throw upon the railroads the burden of proof to avoid liability, whereas now the burden of proof must be borne by the shipper.

Many railroads are really now assuming that their bills do bind them when issued. Those opposing our measures admit the propriety of our contentions but are snarling for time and to delay the enforcement of our measure.



Committee on Agricultural and Financial Development and Education.

JOS. CHAPMAN, JR., *Chairman*  
MYRON T. HERRICK  
EDWIN CHAMBERLAIN

B. F. HARRIS  
JOSEPH G. BROWN  
W. D. VINCENT

E. J. CURTAIN

THERE is no question that ought to attract and hold the attention of bankers more than this subject of agricultural development. A number of bankers ask why it is that the banker should step into this matter at all, and what is the banker trying to do. Now, I will tell you in a nutshell how one banker came to be interested in this subject. I live in a state that has not grown any in ten years in its agricultural communities; the boys and girls leave the farm and go to the cities; a state where the production of wheat has dropped from 30 to 35 bushels an acre in my lifetime to 13 bushels; a state where the principal prosperity of the city of Minneapolis, the city in which I live, is dependent upon agriculture. There is not a man in this room who lives in any city whose prosperity and that of his constituent and depositor is not absolutely dependent upon agriculture in the last analysis. It is confined to no state and to no one locality. The Minnesota Bankers' Association appointed a committee to investigate these subjects to find out why boys and girls were leaving the farms and going to the city; to find out why the cities were growing out of all proportions to the rural communities and why produce was so high. The answer in Minnesota is the answer in every state in the Union, namely, that the business man has been so absorbed in his business for the last hundred years that he has paid no attention to the great producer, the farmer. We have our organization, we get together in our cities, we have had great advancement, but the farmer is no more advanced in his methods today than he was a century ago.

Now, gentlemen, that is one reason why bankers ought to be interested in this subject. In Minnesota out of 435,000 school children 1,832 were taking the agricultural course in the agricultural schools! Half of our state is not developed. In our investigations we found that we were educating the boys and the girls from the land and into the cities. Then we started out to remedy that condition. The matter has grown now so that from Minnesota's interest in this subject 23 states have appointed standing committees, or will appoint them before July, on agricultural development and education. I do not think it is exaggerating one particle to say that you gentlemen are going to find the most profitable thing you have ever done for yourselves and for your country is the taking of an intelligent interest in this subject and trying to remedy some of the evils that have grown up in the past 100 years. The school question is a comparatively simple thing to diagnose and find out what is wrong with it. Now, when you go back to your own states I would like to have you look into this subject and see whether or not your state is educating 99 6-10ths of the coming generation to be consumers and 4-10th of 1 per cent. to be producers. You will find that you are educating even a larger percentage than that to be just consumers.

Gentlemen, if we were the only nation in the world that was adopting this policy it might be different, but unfortunately—or fortunately, as I call it—for us, two of the great nations of the world have radically changed their attitude towards education in the last 25 years. Those two nations are Germany and France. Today the people of the United States will have to absolutely follow the lead of those nations in educational matters by giving the boy and the girl a practical education. Do you realize that out of 19,000,000 school children in this country 93 7-10th of them are in the graded schools; that 1 7-10th per cent. of them are in the colleges and universities, and yet we have been satisfied with a school system that is run absolutely for the benefit of the 1 and 7-10th per cent. attending our colleges and universities.

We have adopted a system of education—or, a system of education as grown up, because no one ever intended to adopt it—a system intended for the sons and daughters of the wealthy people who never intend to earn their own living. That is a system adopted for the 19,000,000 of school children.

We found several of the state colleges where they were teaching agriculture. There are 1,000,000 people on the farms in Minnesota, yet only 1,800 and odd school children were in these agricultural colleges. Why, we would all be old people before that little leaven could ever do any good in the state of Minnesota. For 50 years the Government has been collecting information and storing it in Washington. What our bankers' committees are working for and what we are attempting to do is to get that knowledge and that information out of Washington and get it to the men on the farm—the men who ought to have it. Last February our committee and

the committees from the states which had committees on this subject went to Washington and we held two meetings there together with the Presidents of some of the agricultural colleges, and we are an absolute unit with the agricultural educators on the policy that ought to be pursued, and that is, as I have said, to get this information to the people on the farms.

We held a conference in St. Paul last October in which eight states participated, and at that conference it was stated that the results in ten Southern states bear striking testimony to the fact that this is a paying proposition. A bill is now pending in Congress providing for an appropriation of \$10,000 for each state that will give a similar amount for the establishment of demonstration farms and the hiring of experts. In the day of the boll weevil and when the soil of Southern states was impoverished by continued crops of cotton the experts by advising the planting of corn caused an increase from 1909 to 1910 of 158,000,000 bushels, or more than 45 per cent. of the total increase of the United States. Mississippi was the first of these states, with an increase of 25,000,000 bushels in one year.

Now, what is the object of these bills before Congress? It is simply that the Government shall do for all the agricultural states what it has done in the past eight years for these ten Southern states. We are glad that the people in the South have got this knowledge; we are glad that they are farming better and that they are knowing how to live better, but we claim that the Government at Washington is the Government for all of the people and we want this same knowledge in the state of Minnesota and out in the state of Washington, and in the state of North Dakota and in every state in the Union. The people in Congress are willing to give it to us, with this one exception, that unfortunately we have a Democratic House and a Republican Senate, and the Democratic party are pledged to a policy of economy just now. Talking with Mr. Underwood recently, he told me that he did not think it would be possible for any bill to get through this Congress looking to increasing the deficit which the Government was facing this year. We tried to explain that Congress was not giving anything; that the Government of the United States in doing this work in the South had made an investment which had repaid the Government 100 per cent. We ask the Government now to make this investment all over the United States, and we would like this American Bankers Association to back up that work in Congress. It is possible this year that pressure enough can be brought to bear that at least the bill can be gotten through which appropriates \$10,000 to every state for demonstrative work on the farm providing that the state itself will appropriate \$10,000. We would like the Executive Council to urge Congress to pass that bill, if they cannot pass the other bill, the Page bill, which provides for the boys in the city. We believe the boy in the city is just as much entitled to an education as is the boy in the country, but we have started out on one particular tack and we intend to keep to that. The boy in the city is provided for in the Page bill. Labor organizations and manufacturers have endorsed the Page bill, and that is the kind of a bill that should be passed if it is possible. In Germany the boy is turned out of school not only of knowledge theoretical and intellectual, but trained to work with his hands so that he is able to go into a shop as a mechanic and is able to earn a living wage from the moment he leaves school. A large percentage of our boys in the United States leave school before they are 12 years of age. Are they fitted to be anything except ordinary day laborers? Is it not time for the Bankers Associations throughout the country, composed of men who are supposed to be the bees in which are garnished the industry of a great people, should take an intelligent active interest in this subject?

Now, in August next we are going to have another conference at Minneapolis and St. Paul of these agricultural committees, and 12,000 of our books will be distributed not only to bankers, but to every one interested. We have had requests from railroad presidents, heads of big manufacturing corporations, Presidents of Universities, bankers, merchants in Canada even, for copies of the book. This book contains the reports of the leading experts in agriculture, showing what is wrong in our system of education in this country and what must be done to rectify it. Gentlemen, I tell you that when you study this subject you will find that you have never touched as live a question nor as fascinating a one in your lives. There is a revolution going on today in Minnesota in educational matters in the country. It has not yet reached the city, but the city is going to be able to cope with the proposition because we feel that there are a thousand people in the city who are capable of taking hold of the school question and getting a change there to meet the needs where there is one leader to do that work in the country districts. That is another reason why the bankers associations, with a bank in every village which comes in contact constantly with the needs of the people—why we bankers of all others should give this cause a boost.

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

It is a new thing for business men to get interested in the school question, and God knows it is time that business men who have children in the schools and who are interested in their future and who are interested in the future of the country, should look into this question and give the boys and the girls a square deal.

In closing I simply want to say this. We know that we have tackled a big proposition. We know that as far as we have gone we have made wonderful progress in creating sentiments in the various states in which we have worked along these lines, and I want to go from this meeting with two things fixed in your minds: First, that you are going to do some thinking on this subject yourselves in your own state and get your own associations interested in the subject, see that a standing committee is appointed and see that your association is represented at our next conference, for I assure you that if it is, and your representatives hear the men talk that we will have there, they will go home enthusiastic on the subject. The Committee of the American Bankers Association is made up largely of the Executive Committee of the conference that was held. We did that for two reasons. We want to make them come in contact closely with the desires of the Associations, and by the way I might say that the committee is not going to be an expensive one at all, you can discharge us just as soon as you want to, but this work started among the various states, and it is going to continue, and it is going to be the means of revolutionizing and giving us a school system in this country that is in keeping with the needs of the people of this country today. That has happened in Minnesota, and the only danger the educators say is this: Not that there is not a necessity for it, but the danger is that this is coming upon the people of this country so fast that there won't be trained people enough to fill the positions. Do you know that in Minnesota when we organized the first agricultural high school they had to send to seven different states before they could get enough instructors to man the ten agricultural high schools that were established. When I was out in Washington I was told by a gentleman that they were going to meet with a great calamity in his town. I inquired what it was. He said, "Why we are going to lose the principal of our high school." I said, we could lose thousands of them back in the East and it wouldn't be considered a calamity. But, he said, this man is an expert horticulturist, and every man in this valley goes to him for advice and information. Let me ask you if you know of any one who would ask the ordinary principal of a high school his advice about anything. Why? Because they are out of touch with the lives of the people. Now, this change can be brought about. Education does not stop when a boy gets out of school.

We are learning all the time, and if this great American Bankers Association can be instrumental in any way in bringing about this change so that it will be an evolution instead of a revolution we will have accomplished great results.

The following resolution was offered:

Whereas at least twenty State Bankers Associations in as many different States are appointing or have standing committees working for agricultural development and education; and,

Whereas, the American Bankers Association, of 12,500 banks, has shown its deep interest in agriculture and other efforts in its behalf by appointing a standing committee on agricultural development and education; and,

Whereas, these Committees and Associations are working for the field demonstration bill now before Congress. Therefore, Be it resolved by the Executive Council of the American Bankers Association that it hereby recommends to the Congress of the United States now in session the adoption of legislation and liberal appropriations in aid of such work.

(Report received and filed and resolution adopted.)

Committee on Amendments.

E. L. ROBINSON  
FRANCIS B. SEARS  
E. C. McDUGAL

E. ELMER FOYE  
C. H. MCNIDER  
LUCIUS TETER  
MONTGOMERY EVANS

May 8, 1912.

YOUR Committee on Amendments has approached its task with an appreciation of the difficulties in the way and with open minds upon the serious questions which have received its consideration. We are conscious of the fact that under the operations of our present chart and compass the Association has enjoyed unexampled prosperity. The present constitution has in the main satisfactorily met the requirements of a largely scattered clientele and has advanced in many ways the interests of its constituency.

The Association has steadily grown in numbers and in influence, and this fact reflects credit upon the sagacity of those who originally framed its organic law and upon those who from time to time have suggested amendments to meet changing conditions. Your Committee acknowledges the skillful use of this instrument in the hands of those who have been charged from time to time with the administration of its provisions.

We recognize also the force of certain criticisms which have been made, not only of the constitution itself but of the methods of its administration. We believe that these criticisms have been prompted by a sincere desire to better existing conditions and to render more efficient service. And we think, further, that in a spirit of harmony we should attentively consider all such suggestions.

Your Committee has been unable to accomplish much exploratory work, and has been compelled to confine its deliberations to those questions which have originated for the most part outside the Committee. Perhaps our entire constitution should receive careful revision to meet new conditions; perhaps the same useful purposes will be served by occasional amendments; your Committee, because of the limited time at its disposal, could not address itself to the ambitious task of a wholesale revision; we have, however, given our best thought to several important matters, and we are making herewith several recommendations, which will be attached to this report as exhibits.

We have had three meetings, one in New York, on March 26, and two at this place, on Monday and Tuesday of the present week; we have had no opportunity to prepare a formal and detailed report, but we believe this to be unnecessary in all the circumstances. Briefly, then, we commend to your favorable action:

1. The creation of a membership committee whose duty it shall be to pass upon the qualifications of candidates for admission to our Association. (Approved.)
2. A constitutional recognition of the office of General Counsel. (Approved.)
3. The formation of a new section to care for the interests of investment bankers. (Disapproved.)
4. A constitutional provision rendering the Chairman of the Executive Council ineligible for election to any other office within a year after his term of office shall have expired. (Approved—not to become effective until the year 1913.)
5. A provision permitting the Executive Council to group adjoining States for the purpose of selecting representatives on the Council. (Approved.)
6. By-law provision for an increase in the membership dues from private bankers and banking houses. (Approved.)

The other amendments noted in the exhibits are the necessary changes to put into effect the above recommendations.

(Report received and filed; the thanks of the Council extended to the Committee for their excellent work, and the Committee continued.)



# TRUST COMPANY SECTION



THE Spring Meeting of the Executive Committee of the Section was held at Briarcliff Lodge on May 6th in conjunction with the meeting of the Executive Council and was very fully attended. The resignation of Mr. Roland L. Taylor, as a member of the Executive Committee, was presented and accepted; Mr. Taylor having retired from active Trust Company business. To fill this vacancy Mr. Ralph W. Cutler, President of the Hartford Trust Company, Hartford, Conn., was nominated and unanimously elected. In accordance with the request of the executive officers some months ago, General Counsel Paton presented for the consideration of the Executive Committee a rough preliminary draft of a model Trust Company law. It was not found practicable to discuss this draft in the limited time at the disposal of the Committee and on motion duly seconded the Chairman appointed a committee to consider this draft, to make such changes or additions in it as might seem to be wise and to report at the convention in Detroit in September. This Committee is as follows:

Mr. Oliver C. Fuller, President Wisconsin Trust Company, Milwaukee, Wis.; Mr. A. A. Jackson, Vice-President Girard Trust Company, Philadelphia, Pa.; Mr. Isaac H. Orr, Trust Officer St. Louis Union Trust Company, St. Louis, Mo.

Considerable time was devoted to preparing for the next convention and the officers of the Section, together with the Secretary were named a sub-committee to complete the details of the program.

On Thursday night, May 9th, was held the second annual banquet of the Trust Companies of the United States, members of the Trust Company Section, American Bankers Association, in the Grand Ball room of the Waldorf-Astoria, New York City. It is gratifying to report that in the opinion of all those in attendance and from the accounts in the daily press and financial papers, the banquet was most successful and notable. One feature which distinguished it from other bankers' dinners held in New York and elsewhere was the very large attendance from people out of the city itself. Over fifty per cent. of the 650 present came from other parts of the country; representatives from thirty-six states being present. The Hon. Wm. J. Gaynor, Mayor of the city, who delivered an address of welcome, spoke in good-natured, humorous style and gave those present some homely and good advice; Hon. Simeon M. Baldwin, Governor of Connecticut, delivered an able and forceful address on "The Trust Company as a State Institution." It is hoped to publish this address in the next number of the Journal. The Hon. Chauncey M. Depew also spoke. Mr. F. H. Fries, President

of the Section presided as Chairman, assisted by Mr. Wm. C. Poillon, First Vice-President, and Mr. F. H. Goff, Chairman of the Executive Committee of the Section. With them at the guests table were the following:

Mr. George F. Baker, Hon. Simeon E. Baldwin, Governor of Connecticut; Mr. Francis S. Bangs, President Trust Company Section, 1897; Rt. Rev. Charles S. Burch, D.D., Suffragan Bishop of New York; Mr. E. C. Converse, Hon. Chauncey M. Depew, Mr. Oliver C. Fuller, President Trust Company Section, 1910; Hon. William J. Gaynor, Mayor of New York; Mr. Lawrence L. Gillespie, Hon. A. Barton Hepburn, President N. Y. Clearing House Association; Mr. William Livingstone, President American Bankers Association; Mr. H. P. McIntosh, President Trust Company Section, 1909; Mr. Edwin S. Marston, Mr. J. P. Morgan, Jr., Mr. George M. Reynolds, Mr. Jacob H. Schiff; Mr. Frank A. Vanderlip, Mr. Festus J. Wade, President Trust Company Section, 1906; Hon. Clark Williams, President Trust Company Section, 1905; Mr. John Skelton Williams, President Trust Company Section, 1901.

## "Trust Company Forms."

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

The selected forms have been reproduced by photographic process (one-half the original dimensions), bound in full morocco, leather lining, gilt edges, in handsome and durable shape—11x14 inches in size—and are for sale to members of the Association for \$15 each, and to non-members at \$20. Some 550 different forms have been reproduced, making a book of 145 pages, fully indexed. Subscriptions may be sent to P. S. Babcock, Secretary Trust Company Section, 11 Pine Street, New York, who will forward book prepaid at once.

## Special Notice.

It is felt that it will be of much value and interest to the members of the Trust Company Section to have collected in the Secretary's office samples of advertising matter used by trust companies throughout the country, such as pamphlets, booklets, newspapers, advertisements, etc. Members are therefore requested to send to the Secretary at 11 Pine Street, such advertising matter as they may be using at this time so that they can be arranged in books for filing cabinets and be open to the inspection of trust company members who may call at the Secretary's office in New York.





# SAVINGS BANK SECTION



## ARE SAVINGS BANK BRANCHES DESIRABLE?

### II

HAVING faithfully presented the affirmative side of this question as reflected by the opinions of its exponents in different sections of our Country, let us now see what the negative side presents, for the opponents to saving bank branches are about as numerous as those favoring the plan, and their arguments equally as interesting and weighty. So as in the affirmative, we will begin with the mutual banks and Mr. Robert M. Rother, President of the Hopkins Place Savings Bank, Baltimore, our Vice-President for Maryland, has been good enough to take up the question seriously and from his letter we extract the following:

"I have delayed replying in order to get the expression of views of the president of one of our savings banks who has had a large experience in bank branches. This bank was organized in 1886, and I can well recall the struggle it had on account of expenses caused by their branches. The expense account of this bank, I may add, is a fraction more than double what it normally would have been without its branches. As to whether the branches have been instrumental in building up the bank, I have my doubts."

And comparing the present condition of this bank with one organized about the same time without branches he shows that the one "with its central office and eleven branches scattered over the city, has accumulated about 60 per cent. of the amount of money now held by the bank with no branches. Furthermore, the undivided profits of the former are not much more than half of what they are of the latter. Branches may be philanthropic, but certainly not profitable."

The gentleman Mr. Rother consulted has this to say upon the subject:

"The branch system is the logical outcome of our beginning in 1886 as a philanthropic endeavor, on Saturday nights, in a section far from savings bank facilities, to induce and promote the savings habit; branch after branch being added, with the necessary adjunct after two or three had been opened in similar neighborhoods, of a central office.

The answer from this point of view would seem to call for an affirmative, as the community has practically replied, by its response, that the plan as worked has been of advantage to the community.

To turn to the other point of view—the advantage to the institution—debatable questions are at once raised. The fact of the heavy expense is at once to the fore, and certainly in the early years and indeed in our history, after twenty-five years the branch

plan involves an expense account out of proportion to the deposit line and prevents the accumulation of a surplus account as rapidly as can be done with simply the expenses of a single office, which of course, are more easily held down. It is, therefore, a question, leaving out of view the philanthropic idea which entered largely into the inception of our institution, whether there is a real justification for entering upon and maintaining such a system, bearing in mind the desire and duty in starting a savings bank to develop as rapidly and as safely as possible, a prosperous, useful institution, having the confidence of the community.

In times of stress and panic the branch system, especially when some of the branches grow into proportions requiring daily opening—affords just that many more points of attack—an important consideration."

Mr. Clinton T. Rose, President of the Onondaga County Savings Bank of Syracuse and our Vice-President for New York, that stronghold of the mutual savings bank, writes as follows:

"It is my opinion that conservatism should control the management of savings banks in this state. I believe our system to be as good a one as can be found in any country and that it should be carefully safeguarded as has been done in the past.

In considering the matter, it seems to me that it would be unwise to create branches to any great extent among the savings banks of the state;—that is, to establish offices in different parts of the city or neighborhood, as is done by the New York commercial banks. I would, however, favor a law similar to the Massachusetts law where an official of a savings bank is permitted at stated times to visit manufacturing plants, which are not conveniently located near a savings bank, and receive deposits from such corporation, but the funds so received should be immediately taken to the main office and entered upon its books. In case that savings banks were allowed to create branches, the larger banks might interfere with the business of the smaller ones."

Travelling westward we have from Mr. Joseph R. Noel, President North West State Bank of Chicago and our Vice-President for Illinois, speaking of conditions in that state, the following:

"I would be opposed to branch banking in this state at the present time. Aside from purely selfish reasons, I believe such a system would be greatly abused to the detriment of the public. As you may be aware our present banking law is very much behind the times, and because of the lack of legal restrictions there are a number of banks doing business in this state which should not be accorded that privilege. Until a modern banking law is enacted

and put into effect in this state, and if branch banking were permitted, I rather imagine that some banks that are not at present any too strong would undertake to do that which would certainly not add to their strength."

Still further west, Mr. W. W. Riter, President The Deseret Savings Bank, Salt Lake City, and our Vice-President for Utah, gives this expression of opinion regarding the question in his state:

"I think it would be wholly inadvisable, even if there was a disposition so to do, to establish branch savings banks in this state. In every locality where there has been any demand for it, little commercial banks have sprung into existence. Nearly all, if not all, take savings accounts. So that there is no room for branch savings banks nor necessity therefor.

"In this connection, I might say that I think the savings bank business is overdone. Every loose nickle is invited into the coffers of some bank, and whilst this is a benefit up to a certain limit, the question is whether that limit has not been over-stepped. In case of a panic, or great financial disturbance, if this principle is applied to the fullest extent it leaves no money in the hands of the people to act as a buffer against individual demands upon their deposits in the bank."

Space not permitting, an elaboration of each opinion received is, unfortunately, impossible, so we will simply present the following quotations:

"The people in this western country are not in favor of anything of the kind, and personally I do not believe it is the right step toward conservative banking."—Mr. N. U. Carpenter, President Citizens Bank, Portland; Vice-President for Oregon.

"The head of a bank has about all he can do to take care of one bank, let alone several, in cases of financial depressions."—Mr. W. S. Webb, Cashier Missouri Savings Bank, Kansas City; Vice-President for Missouri.

"I have never been in favor of the branch bank idea. The large majority of our banks do not appear to favor branches."—Mr. C. A. Paine, Vice-President Superior Savings & Trust Co., Cleveland; Vice-President for Ohio.

"Branch banks as a rule have not been successful in our state, and we think that the policy of establishing such banks is not desirable."—Mr. R. M. Kent, Jr., Vice-President Bank of Commerce & Trusts, Richmond; Vice-President for Virginia.

"The savings banks in this state have not to any extent taken up the question of branch banking. In fact, there seems to be a decided feeling against it, and personally I am opposed to it except under rare conditions."—Mr. S. D. Townsend, Vice-President Wilmington Trust Co., Wilmington; Vice-President for Delaware.

"I do not believe the establishment of branches would warrant the expense of maintaining them, therefore am opposed to the plan."—J. S. Newkirk, Treasurer Provident Institution for Savings, Jersey City; Vice-President for New Jersey.

"As a law, I am inclined against it, and hardly think it a desirable feature for savings banks. I may as well go a step farther, and say that my conviction is that ultimately, branch banking will have to be stopped on account of the attitude of the people,

and legislatures on the general consolidation idea."—Mr. F. C. Nichols, Treasurer Fitchburg Savings Bank, Fitchburg; Vice-President for Massachusetts.

Now let us think over the different phases of this matter which have been presented, and next month endeavor to draw the loose threads together and evolve something which will be of practical value in all communities. In the meantime any further contributions will be cordially welcomed.

#### A JUNIOR DEPARTMENT.

"TRAIN up a child in the way it should go, and when it is old it will go it," is a homely way of expressing a great truth. Who knows how great an effect might be produced upon our economic conditions if habits of thrift became thoroughly inculcated in our boys and girls! Why, from the extravagant, spendthrift nation we have become, in a few years, we would be regarded as the model of thrift for the world. And it may be done. You and I may not live to see it, but the movement has begun and will spread, and if parents will not begin teaching the children to save in the home, there are institutions not actuated entirely by self, who are spreading the gospel of thrift, the fruits of which will become a thousandfold greater than their fondest expectations.

To this end, one institution has inaugurated the "Junior Department" rather along the same lines as the School Savings Banks, and yet an innovation which might well be followed by savings banks where for one reason or another the School Savings Bank is impractical. The Schenectady Savings Bank of Schenectady, New York, is the originator of this department of which the Treasurer, Mr. Allen W. Johnston, writes as follows:

"We organized this department November 20, 1911, with the approval of the Banking Department.

"At this date, March 1st, we have 461 depositors, of which 114 have graduated to the interest accounts. The total number deposits received, 1192. The average balance, 23 cents. Average age about eleven years.

"At the start and at a few periods since, we called in a few of the newsboys and parochial school children nearby, starting a few with five-cent accounts. The advertisement was effectual, and we average about six a day, and our deposits about fifteen a day."

As indicated, deposits are received of five cents or more, and when an account is opened, in lieu of pass-book, a card is issued, which is similar to those used for card ledgers, though smaller. This card is enclosed in an envelope upon one side of which are printed the simple rules of the department.

A complete set of stationery has been provided for this department, and while we venture to say that the return will not justify the out-lay for some time to come, this bank is bound to eventually reap the benefit of that principle so often overlooked, that in our line of business "he best serves himself who best serves others" and will have the added satisfaction of being called 'blessed' some day by hundreds of 'grown-ups' in Schenectady who were once 'Juniors.'



# CLEARING HOUSE SECTION



## THE CLEARING HOUSE VS. THE INDIVIDUAL ARRANGEMENT.

**I**N the columns of the Bulletin, this issue, will be found the subject matter of the debate between the Cincinnati and Pittsburgh Chapters, mentioned in the last issue of the Journal. The debaters found it impossible to use all the available arguments in the time allowed them for direct presentation and similarly it would be impossible to cover all the points which they introduced in a criticism which must be limited to a few paragraphs.

One of the strongest arguments presented by the affirmative was the fact that the clearing house plan is in successful operation now in a sufficient number of cities to entirely prove its practicability under various local conditions. Letters were read from bankers and clearing house managers in these cities, all of which heartily endorsed the plan, none of them showing any disposition to go back to the old methods. The negative inquiry on this point was, briefly, "If this plan is so successful why have so few cities adopted it?" The answer of course is that the situation is just beginning to become acute, and having passed the experimental stage the country clearing house has only recently, comparatively speaking, been able to assert itself.

The affirmative had difficulty in answering the argument that the clearing house upsets arrangements and facilities that are the result of many years of satisfactory individual arrangements between banks. The negative, however, took the rather vulnerable position that the good are reduced to the level of the bad. Quite the reverse is true in actual practice to the betterment of the whole which ought certainly be desirable in broad grounds. It was submitted by the negative and not answered by the affirmative that individual banks sometimes offer wider par territory than the clearing house. This looks like a strong argument until one recollects that the Boston Clearing House, for example, does not discriminate against endorsements so that an Albany bank, let us say, can offer its own par list plus the territory covered by Boston Clearing House. This was a boomerang.

It was shown by quite a formidable array of figures that balances desert the cities where the clearing house plan is put into operation. This is inevitable. Water will seek its level. It is not a good argument, however, since under a universal extension of the plan there could be no advantage in shifting balances. Furthermore, there is a certain proportion of balances which are nothing more nor less than items in transit. A reduction of this class of business means smaller figures but greater profits.

There was a sprinkling of country bankers in the

audience and their attendance was significant. There is a tendency in discussions on this subject to overlook the rights of the small banker, to confuse the institution which makes a legitimate charge for exchange with the one whose exorbitant rates have caused so much circuitous routing. The negative side were prepared to submit letters from interior banks who are in decided opposition to any scheme which would seem to aim at coercion. The truth of the matter is that the country bank has a right to be heard. Under present conditions an equitable rate of exchange in many cases is necessary and proper. However, we can not pass this subject without calling attention to the threadbare expression used by the negative, "the country banker will not work for nothing." Look at this closely. If the country bank pays its indebtedness across the counter, calling for the services of very high priced tellers, handling (and shipping) actual currency, with the consequent trouble of identification and the possibilities of loss—it performs all this service dollar for dollar. But if it is called upon to remit the same indebtedness in funds which it can secure nine times out of ten at par, and in so doing needs the services of lower priced clerks only, and with much less annoyance and labor—unless the bank does this at 99 cents or less on the dollar it is "working for nothing." If a bank is "working for nothing," let it look into its loan department for the remedy.

To sum up, it may be said that while the affirmative won the decision of the judges, the negative succeeded at least in drawing attention to the fact that the country clearing house is by no means perfected as now organized. Its possibilities are tremendous but its adherents must not overlook the fact that innumerable internal improvements are in order before it will achieve the maximum of efficiency.

## NEW NUMBERS.

**A** SUPPLEMENT to the Key to the Numerical System showing numbers of new banks and changes caused by consolidations, etc., up to March 1, has been issued, and will be sent free of charge, upon request, by the publishers, Rand-McNally & Co., Chicago, Ill.

## GOOD WORK IN CHICAGO.

**T**HE Universal Numerical system for banks, declared by Chicago bankers to be the greatest reform which has been introduced into banking methods in many years, was discussed yesterday at the first meeting of the Chicago committee, composed of representatives of seventeen of the largest

banking institutions of the city. C. E. Estes was elected chairman of a committee appointed to push the introduction of the new system.

"The system of bank numbering is indorsed by the American Bankers' Association and has been adopted by 6,000 banks. It simplifies the handling of checks and drafts by assigning a number to each bank, together with a prefix number, designating the city or state in which the bank is located. This number will be printed on checks and drafts."—News Item.

The above shows to what extent the Numerical System is taking hold and is a part of the aggressive campaign that is being carried on in all sections. Similar committees are at work in Boston, Pittsburgh, Philadelphia and other cities. Their motto is "Show

Your Number." We add the appeal of this Association to every bank in the country that they put their number on checks and endorsement stamps AT ONCE. More than 6,000 progressive banks have already done so.

THE Executive Committee of the Clearing House Section have offered a first and second prize of \$50 and \$25 for papers upon Analysing Accounts from Incoming Letters in which the items are described by number instead of name. This contest is open to members of the American Institute of Banking and the full conditions will be published in the next issue of the Journal.

THE following visitors registered at the Association offices during the month of April.

Andrews, F. E., representing Kountze Bros., New York City.  
 Barker, Joseph T., New York Manager, United States Investor, New York City.  
 Borden, John H., Solicitor, First National Bank, Philadelphia, Pa.  
 Brundage, Frank D., Assistant Manager, Knauth, Nachod & Kuhne, New York City.  
 Cady, H. C., Treasurer, Northfield Savings Bank, Northfield, Vt.  
 Cahill, James A., Director, Commercial National Bank, Washington, D. C.  
 Carl, A., American Surety Co., New York City.  
 Carrig, Frank J., Philadelphia, Pa.  
 Clapham, A. E., President, Commercial National Bank, Washington, D. C.  
 Clarke, Lewis L., President, American Exchange National Bank, New York City.  
 Coleman, R. M., Union Trust Co., Chicago, Ill.  
 Cutler, Ralph W., President, Hartford Trust Company, Hartford, Conn.  
 Davis, William B., Kountze Bros., New York City.  
 Donald, James M., Chairman of Board, Hanover National Bank, New York City.  
 Fries, Col. F. H., President, Wachovia Bank & Trust Co., Winston-Salem, N. C.  
 Goff, F. H., President, Cleveland Trust Co., Cleveland, Ohio.  
 Hackett, Frank S., Teacher, Riverdale-on-Hudson, N. Y.  
 Haines, I. Snowden, Cashier, Mechanics National Bank, Burlington, N. J.  
 Henschen, Henry S., Cashier, State Bank of Chicago, Chicago, Ill.  
 Hill, Walker, President, Mechanics-Amer. National Bank, St. Louis, Mo.  
 Hill, Lud, Richmond, Va.  
 Holliday, John H., President, Union Trust Co., Indianapolis, Ind.  
 Hopkins, W. F., Vice-President, Third National Bank, Buffalo, N. Y.  
 Hopper, R. G., Vice-President, "American Banker," New York City.  
 Hudson, Alfred W., Vice-President, Windsor Trust Co., New York City.  
 Ingalls, R., New York City.  
 Ingalls, Sheffield, Director, First National Bank, Atchison, Kan.  
 Jackson, A. B., Financial Writer, New York City.

Jackson, S. M., Manager, The Bank of California, N. A., Tacoma, Wash.  
 Kimmelberg, E. W., New York News Bureau, New York City.  
 Kvam, Evald, Assistant Cashier, Scandinavian American Bank, Minot, N. D.  
 Lowry, Col. Robert J., President, Lowry National Bank, Atlanta, Ga.  
 Macpherson, A. D., Vice-President, Bankers' Encyclopedia Co., New York City.  
 McNair, A. F., Commonwealth Trust Co., Buffalo, N. Y.  
 McNair, E. O., President, Commonwealth Trust Co., Buffalo, N. Y.  
 Moonen, Robert S., Manager Transit Department, Citizens National Bank, Baltimore, Md.  
 Nichols, Frederic C., Treasurer, Fitchburg Savings Bank, Fitchburg, Mass.  
 Nissen Wm. M., Director, Wachovia Bank & Trust Co., Winston-Salem, N. C.  
 O'Shaughnessy, James J., Examiner, Banking Department, State of New York, New York City.  
 Peck, M. O., Vice-President, "The Financier," New York City.  
 Quinn, Jr., D. W., Examiner, Banking Department, State of New York, New York City.  
 Raby, R. Cornelius, Reporter, Journal of Commerce, New York City.  
 Schanz, H. A., General Manager, Detroit & Cleveland Line, Detroit, Mich.  
 Shannon, Joseph G., Secretary and Treasurer, Weehawken Trust Co., Weehawken, N. J.  
 Shaw, W. A., Local Forecaster, United States Weather Bureau, Northfield, Vt.  
 Smith, Charles Edward, Treasurer, Chester Savings Bank, Chester, Conn.  
 Staley, John W., Assistant Cashier, First National Bank, Detroit, Mich.  
 Strong, L. R., Special Representative, Knauth, Nachod & Kuhne, New York City.  
 Supplee, J. Frank, Resident Secretary, United States Fidelity & Guaranty Co., Baltimore, Md.  
 Talbert, Jos. T., Vice-President, National City Bank, New York City.  
 Whittemore, Francis S., Treasurer, Gardner Savings Bank, Gardner, Mass.

Charles H. Huttig, who is now recovering from a severe illness which has lasted several months, was present at one of the sessions and was warmly greeted by his associates on the Council.

# STATE SECRETARIES SECTION



## CONVENTIONS TO BE HELD IN 1912.

May	17-18	Alabama	Mobile
"	21-22	Missouri	Joplin
"	21-23	Mississippi	Gulfport
"	22-24	Kansas	Topeka
"	23-25	California	Long Beach
"	24-25	Georgia	Atlantic Beach
"	28-29	Arkansas	Little Rock
"	29-30	Tennessee	Knoxville
June	5-6	Iowa	Cedar Rapids
"	11-13	Michigan	Kalamazoo
"	12-13	Massachusetts	Springfield
"	13-14	New York	Buffalo
"	14-15	Minnesota (State Agricultural College),	St. Paul.
"	17-19	Idaho	Coeur d'Alene
"	18-19	Connecticut, "The Griswold,"	Eastern Point, New London.
"	18-19	Pennsylvania	Bedford Springs
"	19-20	North Dakota	Jamestown
"	20-22	Maryland	Blue Mountain
"	20-22	Virginia	Old Point Comfort
"	21-22	Oregon	Gearhart Park
"	26-27	South Dakota	Belle Fourche
"	26-28	North Carolina	Morehead City
"	27-29	Washington	Tacoma-Olympia
July	2-3	Ohio	Hotel Breakers, Cedar Point
"	5-6	South Carolina	Charleston
"	11-12	West Virginia	White Sulphur Springs
"	24-25	Wisconsin	Milwaukee
Aug.	21-23	American Institute of Banking,	Salt Lake City, Utah.
Sept.	9-14	American Bankers Association,	Detroit, Mich.
"	25-26	Illinois	Peoria
Oct	18-19	Arizona	Tucson

## STATE CONVENTIONS HELD IN APRIL.

### FLORIDA:

**T**HE two days' session of the Florida bankers' convention opened at the Masonic Temple, Key West, on Thursday, April 4. The convention was called to order by President George W. Allen, President of the First National Bank of Key West, the invocation being pronounced by the Rev. C. T. Stout.

Dr. J. N. Fogarty, Mayor of Key West, delivered the address of welcome in behalf of the city, Hon. W. S. Jennings responding to same. President Allen made his annual address, which was followed by the report of the Secretary and Treasurer, George R. De Saussure. John T. Dismukes of St. Augustine also

delivered a very interesting report. The address of the day was made by the Hon. Geo. Bowne Patterson, whose subject was "Key West: Its Resources and Its Future."

In the afternoon the convention took a recess to enable the delegates and visitors to participate in either driving, visiting places of interest or fishing. In the evening a large banquet was held at which George W. Allen acted as toastmaster.

The meeting of Friday convened at nine o'clock. The event of the day was the address by Dr. Lincoln Hulley of De Land, Florida, on "Bill Introduced in Congress Covering the Recommendations of the Monetary Commission." At the conclusion of the business session the delegates and visitors were driven to the Chase Sponge Farm, where luncheon was served.

Resolutions were adopted calling upon the Florida Congressional delegation to oppose the National Monetary Commission's bill for currency reform now pending in Congress. The convention, however, endorsed other bills recommended by the American Bankers' Association.

The officers elected for the ensuing year are as follows: President, George W. Allen, President First National Bank of Key West; Vice-Presidents, J. J. Heard, President Heard National Bank of Jacksonville; W. S. McClelland, President First State Bank of Eustis; S. C. Harrison, Jr., Cashier Commercial Bank of Jacksonville; L. A. Fraleigh, President First National Bank of Madison; Secretary and Treasurer, George R. DeSaussure, Vice-President Barnett National Bank of Jacksonville.

### LOUISIANA:

**T**HE State Convention of the Louisiana Bankers Association was held at Covington, April 26th and 27th.

The convention was called to order by President Joseph Gottlieb, Vice-President of the Louisiana National Bank, Baton Rouge, and the invocation pronounced by Rev. J. M. Williams of the Presbyterian Church. The address of welcome was delivered by L. L. Morgan in the absence of Mayor F. G. Marrero of Covington; L. E. Thomas responding to same.

President Gottlieb in his annual address reviewed the banking and political conditions of the State.

The report of Secretary L. O. Broussard of Abbeville, covered the work of the Association during the past year; the membership has increased to such an extent that it practically includes nearly every bank in Louisiana; and the financial condition of the Association, as shown by the report of Treasurer L. M. Pool of New Orleans, was very satisfactory.

Mr. Lewis E. Pierson, President of the Irving National Exchange Bank, New York, and ex-president of the American Bankers' Association, made an address, taking for his subject "Bills of Lading." He treated the question in its many phases, covering the methods surrounding the issuance and negotiation of same. The Hon. George M. Maxwell, director of the Pittsburgh Flood Commission, Washington, D. C., and other prominent men delivered addresses.

The entertainment features were up to the usual character of the hospitality of the South, consisting of a trip on the steamer Ossining by the delegates and guests, refreshments being served on board. A banquet was held in the evening, the floral display and excellent music adding to the attractiveness of the function.

The officers elected for the ensuing year are as follows: President, L. H. Jastremski, President People's Bank & Trust Company, Houma; Vice-President, H. D. Apgar, Cashier Union National Bank, Monroe; Chairman Executive Council, J. H. Fulton, Vice-President Commercial Germania Trust & Savings Bank, New Orleans; Secretary, L. O. Broussard, President Bank of Abbeville, Abbeville, (re-elected); Treasurer, L. M. Pool, Vice-President Hibernia Bank & Trust Company, New Orleans (re-elected).

#### PROTECTIVE WORK OF STATE BANKERS ASSOCIATIONS.

Arkansas Bankers Association,  
Office of the Secretary,  
Little Rock, Ark., April 9, 1912.

##### WARNING.

Please be on the lookout for one "Charles Carter," height 5 feet 6 inches; heavy set; weight, 170 pounds; dark hair; heavy dark eyebrows; round red face, and age about 22 years. He has lived at O'Neal, Ark., and it is said is now under indictment for stealing whisky.

This party is wanted at Batesville for the alleged forgery of a check of W. W. Edmondson on the Union Bank & Trust Company of Batesville.

If party should appear in your office, communicate at once with the German National Bank, Little Rock, or the Union Bank & Trust Company, Batesville.

Arkansas Bankers Association,  
Office of the Secretary,  
Little Rock, Ark., April 9, 1912.

##### WARNING.

Members of the Arkansas Bankers Association are cautioned to be very careful in any dealings with one "William Webber," who is in the habit of registering from Milwaukee, Wis., and who has attempted to pass some New York Exchange, purporting to be signed by the Glidden Varnish Company of New York by George L. Maynard, Manager.

Webber is said to be about 40 years of age; weight, about 150 pounds; blond; blue eyes; light closely cropped mustache; speaks with a German accent. He has been in and around Hope, Ark., ostensibly as a land prospector.

So far no one of our banks seems to have been defrauded by him, but it is said some of their customers have, and this notice is sent for the protection of all parties.

California Bankers Association,  
Office of the Secretary,  
San Francisco, April 6, 1912.

##### WARNING BULLETIN.

Issued by the Protective Department.

No. 404.—Unpaid Draft.—Arthur E. Swan.  
Arthur E. Swan, representing himself to be an agent of the Equitable Salvage Corporation of Los

Angeles, recently appeared at an interior bank, soliciting business in way of outlawed accounts and bad debts. He incidentally induced the bank to cash for him a draft for \$50 drawn on Swan by his employers, who subsequently refused to honor it, stating that he had no authority to draw such drafts.

Swan is described as follows: 20 years; 5 feet 6 inches; 160 pounds; dark brown hair and eyes; olive complexion; mole on right cheek; neat dresser.

No. 410.—Alleged Forged Check.—D. C. Ellingford.

A San Diego bank, that sustained no loss in the following described transaction, thought it best to advise us to issue a warning to members.

A man purporting to be D. C. Ellingford presented a voucher check signed by Anton J. Kineres, of the Butte Potato and Produce Company of Butte, Mont., drawn on the First National Bank of Butte, Mont., for \$75.

The presenter was noticeably deformed, having two "club feet." He was identified at the bank by a responsible person.

The bank on which the check was drawn honored it in due course, but it is now claimed that the signature was forged.

No. 412.—Forgery.—S. A. Beadle.

The Western Sales Company maintains an account at the First National Bank of Los Angeles, funds being withdrawn on check signed by both L. B. Allen and S. A. Beadle.

Two banks in Los Angeles report that on or about March 25 they were defrauded through cashing for S. A. Beadle checks of the Western Sales Company drawn to the order of S. A. Beadle and purporting to be regularly signed, but both checks were returned unpaid, with notation, "Not sufficient funds; signature irregular of L. B. Allen," and Mr. Allen states that his signature to these two items was forged.

No. 414.—Alleged Forged Bills of Lading.

A Los Angeles member reports the following information, which is transmitted to our members in order that they may be on guard and not be swindled:

Recently a man claiming to be A. Y. Wilson, formerly of Idaho Falls, Idaho, and to have had an account there with the American National Bank, opened an account with us with the proceeds of a draft sent to Santa Ana for collection with bill of lading for car oats attached. He referred us to ——— good customers of ours, of this city, with whom he had also done business.

We are now informed that this bill of lading, and also one for car of oats which he sold to our customer, are claimed by the Salt Lake Railway Company to be forgeries, and that other bills for the same cars, accompanied by drafts, are in the ——— Bank of this city for collection.

We have wired Idaho Falls and other places, endeavoring to get trace of Mr. Wilson, but answers have not yet been received. It is thought that he may endeavor to operate in other towns of the State, hence we are sending you this warning.

The best description we can get of him is as follows: 5 feet 7½ inches in height; 145 pounds weight; dark hair; blue eyes; blue suit with fine white lines, and black derby hat.

We have not lost anything by his operations, but other banks may if he repeats the performance.

Worthless Check Swindler.—John E. Klein.

Please take notice that one John E. Klein has been drawing numerous checks on the Rock Springs National Bank, of Rock Springs, Wyo., despite the fact that the bank has promptly returned the items, marked "No Funds."

Klein called at an Oakland bank recently and claimed that he had \$2,000 in a bank in Rock Springs, Wyo., which statement was false.

Klein is described as follows: 30 years; 5 feet 8 inches; 160 pounds; dark complexion; dark hair; rapid talker, with German accent; sometimes wears a mustache, but is usually smooth shaven; sometimes claims to be a Catholic, and ingratiates himself with church members and priests; also claims to be a member of the Knights of Columbus.

We hope the above information may forestall any crooked work on his part against banks.

**WARNING NOTICE!**

Texas Bankers Association,  
Office of the Secretary,

Austin, Texas, March 20, 1912.

This office is just in receipt of the following from Wm. H. Forsyth, of the Secret Service Department of the United States Government at Dallas, Texas.

George Laubenthal is wanted for forging and passing forged paymaster's checks. Cashed \$18 checks at State Savings and Trust Company, Texarkana, Ark., last Thursday. Checks are made payable to George M. Puntry, signed H. M. B. Young, Paymaster United States Army. Have good cases against Laubenthal in Nevada and Kentucky.

You are requested to arrest Laubenthal at sight. If arrested, kindly notify William H. Forsyth, Operative in Charge, Dallas District, Dallas, Texas, or this office.

Laubenthal is described as follows: Age, 32; weight, 170 pounds; height, 5 feet 10 inches; fair complexion; hair, light and rather wavy; eyes, light hazel; good teeth; occupation, electrician; scar inside left eyebrow; scar right side forehead; cross and heart under clasped hands tattooed inside right forearm.

On last Saturday this party was in Terrell, Texas and went under the name of Lyndon Moore, 1st Lieutenant, 1st Cavalry, where he passed one of the same checks for \$68, which check is now at the First National Bank of Terrell, marked "no good."

The attention of our members is called to the fact that under Section 146 of the United States Penal Code persons having knowledge of felony cognizable by the courts of the United States, who conceals and does not as soon as may be disclose and make known the same to some judge or other person in civic or military authority, under the United States, shall be fined not more than \$500, or imprisoned not more than three years, or both.

The members are requested to notify this office at once of any information that they may have concerning one B. C. Harris, who is wanted by the Sheriff of Falls County.

This party has been passing bogus checks in Marlin, drawn on the City Bank & Trust Co. of New Orleans, and certified by their Assistant Cashier, dated February 28, 1912, and certified on the same date.

Harris is described as follows: Height, about 5 feet 8 1/2 inches; weight, about 165 or 170 pounds; dark brown hair, very thin and parted on the left side; dark brown eyes, rather small; dark eyebrows, medium heavy; rosy complexion, slightly freckled beneath the eyes; had full, straight nose; wore No. 6 shoes and about a No. 9 glove. His mouth was full of gold; fairly good colored teeth; is about 32 years old. He had a gray overcoat and wore two suits of clothes, one brown and one gray; wore tan shoes, black derby hat and string ties.

This party claimed about a year and a half ago to have been in the wholesale business in El Paso, but moved to New Orleans, and is now connected with George Harris & Co., wholesale grocers.

Missouri Bankers Association,  
Office of the Secretary,

Sedalia, Mo., April 3, 1912.

**\$50.00 REWARD!**

A member of this Association reports that it has been defrauded by cashing a worthless check for a man by the name of Bernell Hibner, who is described as follows: Age, about 29; smooth shaven; and lives at Herington, Kan. Was in Kansas City about the last of March.

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

Arrest and wire the Sheriff of Camden County, Linn Creek, Mo.

**\$50.00 REWARD!**

The Missouri Bankers Association offers a reward of \$50 for the apprehension and conviction of a man giving the name of C. Watson, charged with defraud-

ing a member at Hannibal, Mo., by means of a forged draft. Reward to remain in force for one year from date of this notice, and to be paid according to the rules of this Association.

The bank gives us the following description of Watson: Residence, Edmond, Kan.; height, about 5 feet 10 or 11 inches; weight, about 150 to 165 pounds; color of hair, dark; color of eyes, dark; style of beard, smooth shaven, with indications of a heavy beard; well dressed in dark clothes and derby hat; presented good appearance and easy manner.

The draft appeared to be made out on a regular form of the First National Bank of Edmond, Kan., and was drawn on the Tootle-Lemon National Bank, of St. Joseph, Mo.

In case of Watson's apprehension, wire Sheriff of Marion County, Palmyra, Mo.

It is dangerous to cash checks or drafts that do not bear unmistakable evidence of security.

Be on your guard all the time!

Michigan Bankers' Association,  
Office of the Secretary,

Detroit, April 11, 1912.

**WARNING!**

Bulletin No. 99.

Members are warned against a party operating under various names in Oceana County, in the vicinity of Shelby, Hart and Pentwater.

He is about 30 years of age, medium weight, about 5 feet 6 inches tall, round, smooth face, and has dark hair.

His method of swindling is to present a check at a bank, drawn upon a bank in some other town, issued in his favor and endorsed by himself. He is identified by forging endorsement of name of some merchant or farmer.

Checks recently made have been drawn on the Farmers State Bank of Montague, on old form of checks, used by the bank prior to its becoming a State Bank. One check was made payable to David W. Wilson.

Kindly warn your customers against this party and advise this office should he be apprehended.

Minnesota Bankers Association,  
Office of the Secretary,

Minneapolis, Minn., March 25, 1912.

**LOOKOUT NOTICE No. 10.**

The following certificates of deposit, drafts, etc., have been lost or stolen and payment thereon stopped:

Issued by the First State Bank of Cleveland, Minn., to Fred Spangenberg:

C. O. D. No. 858,	dated 3-27-1911.	Amount, \$22.65
C. O. D. No. 889,	dated 5-15-1911.	Amount, 105.00
C. O. D. No. 902,	dated 6-20-1911.	Amount, 200.00
C. O. D. No. 903,	dated 6-26-1911.	Amount, 265.00
C. O. D. No. 907,	dated 7-5-1911.	Amount, 190.00
C. O. D. No. 964,	dated 9-5-1911.	Amount, 860.00
C. O. D. No. 977,	dated 9-11-1911.	Amount, 50.00
C. O. D. No. 979,	dated 9-11-1911.	Amount, 90.00
C. O. D. No. 1061,	dated 1-2-1912.	Amount, 252.00

Issued by the First State Bank of Tyler, Minn., to Rev. J. Soe:

C. O. D. No. —, dated 9-6-1911. Amount, \$——  
Issued by the Scandinavian American State Bank of Badger to Albert A. Ness:

C. O. D. No. 1849, dated 3-19-1911. Amount, \$600.00  
Issued by the Farmers and Merchants State Bank of Wabasha to Phil Lerum:

C. O. D. No. 267, dated 12-8-1911. Amount, \$125.00.  
Issued by the State Bank of Climax to George Thompson:

C. O. D. No. 6674, dated 10-23-1911. Amount, \$45.00

I also wish to inform you that checks drawn on the Merchants National of Detroit are being circulated throughout the northern part of the State. These checks are signed "Nichols-Chisholm Lumber Company," "W. C. Smith and Brother," and "C. D. Jones and Brother."

A man giving the name of Ed. Fitzsimmon cashed the following fraudulent drafts at one of our banks: One for \$65, purporting to have been drawn by the First National Bank of Owatonna on the First National Bank of St. Paul, and one for \$37.25, drawn on

the Citizens State Bank of St. Francis, Kan. Fitzsimon's description is as follows:

Age, 45; height, 6 feet; weight, 190 pounds; smooth face; ruddy complexion; dark brown hair. He is a smooth talker; speaks very rapidly, and claims to be looking for investments in lands.

A man operating under the name of William P. Secker cashed the following described forged check at one of our banks: Drawn on the Merchants National Bank of St. Cloud, and signed "W. N. Niskern." The amount of the check was \$47.68, W. N. Niskern's name being forged thereto. Secker represents himself as a solicitor of the Hartford Life Insurance Company, and gets his standing in the community by soliciting insurance. His description is as follows:

Weight, 160 pounds; height, 5 feet 6 inches; very florid complexion; light blue eyes and light hair; slightly bald. Has round head and face, and shaves smooth. When last seen he wore eyeglasses; was well dressed in blue serge suit, black overcoat and derby. This man is a smooth talker and puts up a good front.

Any information regarding these matters will be greatly appreciated.

There seems to be a large number of crooks and swindlers in Minnesota at the present time, and I desire to caution members against cashing checks or drafts without thorough identification.

Minnesota Bankers Association,  
Office of the Secretary,

Minneapolis, Minn., April 25, 1912.

**LOOKOUT NOTICE No. 11.**

To Members of the Minnesota Bankers Association: Gentlemen—The following certificates of deposit have been lost or stolen and payment thereon stopped:

- Issued by the State Bank of Sleepy Eye, Minn.:
- C. O. D. No. 23154, dated 10-3-1911. Amount, \$100.00
- C. O. D. No. 23227, dated 11-10-1911. Amount, 200.00
- C. O. D. No. 23277, dated 12-5-1911. Amount, 400.00
- C. O. D. No. 23399, dated 1-18-1912. Amount, 20.00
- C. O. D. No. 23464, dated 2-21-1912. Amount, 300.00
- C. O. D. No. 23502, dated 3-5-1912. Amount, 95.00
- C. O. D. No. 23520, dated 3-9-1912. Amount, 110.00

Issued by the State Bank of Sleepy Eye to Christ Olson:

- C. O. D. No. 23324, dated 12-21-1911. Amount, \$308.91
- C. O. D. No. 23325, dated 12-21-1911. Amount, 43.48

Issued by the Citizens State Bank of Roseau, Minn., to Ben Winterhus:

- C. O. D. No. 3379, dated 12-23-1911. Amount, \$150.00
- Issued by the Forest Lake State Bank to Charles Allen:

- C. O. D. No. 2387, dated 4-9-1912. Amount, \$100.00

Issued by the First National Bank, Warren, Minn., to John Abrahamson:

- C. O. D. No. 5210, dated 11-3-1911. Amount, \$500.00
- C. O. D. No. 5211, dated 11-3-1911. Amount, 482.10

Very truly yours,

**CHARLES R. FROST,**  
Secretary.

Washington Bankers Association,  
Office of the Secretary,

Tacoma, Wash., April 20, 1912.

**WARNING.**

No. 234.—A man by the name of George Harrington

**ALBERT BALDWIN.**

**M**EMBERS of the association will learn with regret of the death of Albert Baldwin, formerly President of the New Orleans National Bank, on April 21.

Mr. Baldwin was born in Watertown, Mass., in 1834, and in 1858 left his position in Boston with Beebe, Morgan & Co., and joined his brother in New Orleans. Here he eventually established the hardware house of A. Baldwin & Company, and became actively associated with the leading business enterprises of the city. He was a prominent club man and yachtsman, and was one of the originators of the New

Orleans Carnival Association, while in banking circles he was well known for his efficient building up of the New Orleans National Bank, and his interest in the Clearing House Association.

ton worked at Blaine at plumbing during the early part of the winter; left, taking with him pass book on the Home State Bank, Blaine, withdrawing all but one dollar of a small deposit he had placed therein. He has since drawn a number of checks on the Home State Bank, ranging in amount from \$5 to \$104, these checks being given at various points. He is wanted by the Sheriff of Walla Walla County. You are warned not to have any dealings with him. Description as follows: Age, about 36 years; height, 5 feet 11 inches; weight, 195 pounds; dark hair and eyes; ruddy face; Scotch-Irish brogue.

No. 235.—The Bank of Berea, Ohio, was burglarized recently and the following securities stolen:

Eight bonds, \$100 each, Fidelity Telephone & Telegraph Co., Buffalo, N. Y. Numbers not known.

One bond, par \$1,000, first mortgage Wash., Balto. & Annapolis Ry., No. 3759.

One bond, par \$500, Euclid Township, No. 21.

One bond, par \$1,000, Cleveland-Sandusky Brewing Company, No. 4244.

One bond, \$500, Norwalk Gas & Electrical Co., No. 1.

Four bonds, par \$300 each, Berea Village West St. Imp., Nos. 7, 8, 9 and 10.

Forty-six shares preferred stock Cleveland S. W. Columbus Ry. Co., name J. H. Atkins.

Reward of \$500 has been offered for the return of the above missing papers, a portion or any part thereof. Should any be presented, kindly advise the Secretary, but do not negotiate same.

No. 236.—Attempted burglary. An attempt was made recently to burglarize the Clarke Co. Bank, Washougal, this State. Fortunately, it was unsuccessful.

No. 237.—Man named C. Watson has been operating in Missouri by means of forged drafts. Description: Height, about 5 feet 10 inches; weight, 150 to 160 pounds; hair, dark; dark eyes; smooth shaven; appeared with indications of heavy beard; well dressed, dark clothes, derby hat; presented good appearance and easy manner. Drafts appeared to be made out on regular form, First National Bank, Edmonds, Kan., and were drawn on Tootle-Lemon National Bank, St. Joseph, Mo.

No. 238.—A life insurance agent giving the name of F. G. Cope recently defrauded a number of persons in this State. He claimed to represent the Mutual Life Insurance Co. of New York and the International Life of St. Louis. He made arrangements for policies with a number of persons, taking their notes for first payments on policies—and, after selling the notes so obtained, disappeared, probably going to California. Warrant has been issued for his arrest by the Superior Court of Whatcom County. Description: About 40 years old; wears a light blond, cropped mustache; is about 5 feet 8 inches high; has a blunt nose and a defective left eye; wore a blue serge suit and a Scotch cap. Claimed to run an insurance broker's office in Seattle, which claim, of course, was false. Should he put in an appearance, notify the Secretary or Burns National Detective Agency, Seattle, at once.

You are earnestly requested, under no circumstances, to cash checks or drafts without responsible identification of party presenting same.

Take no drafts from strangers for collection unless responsibly introduced, as your endorsement will guarantee all prior endorsements. Be on your guard.

Orleans Carnival Association, while in banking circles he was well known for his efficient building up of the New Orleans National Bank, and his interest in the Clearing House Association.

To his generosity is chiefly due the Sophie Wright Free Night School, and the city was equally indebted to him for numerous other benefactions, prompted by the broad-minded spirit which always characterized both his business, social and personal relations. He is survived by five children, two of whom are the well known bankers, Albert Baldwin, Jr., President of the New Orleans National Bank, and Gustave B. Baldwin, a director in the same institution.



# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

DEVOTED TO THE SCIENCE OF BANKING AND FINANCE

Vol. 4

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No. 11

FRED. E. FARNSWORTH, PUBLISHER,  
General Secretary American Bankers Association.  
W. W. WAINE, ASSOCIATE EDITOR.

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

## COUNCIL MEETING.

THE Spring meeting of the Executive Council of The American Bankers Association which was held at Briarcliff Lodge, Briarcliff Manor, N. Y., May 6th, 7th and 8th, has passed into history as the most successful in point of enthusiasm and attendance ever held since the organization of the Association.

Briarcliff Lodge is admirably adapted for council meetings, being beautifully located on an elevation presenting a panorama of the surrounding country and the Hudson River. Every facility for meetings was afforded by the Lodge, and having been opened for this event, the gathering bore somewhat the appearance of a large family party.

The Committee meetings which were held on May 6th embodied in most cases the complete membership on the committees, and the entire day was given up to their deliberations, which was evidenced by the most excellent reports presented to the Council during the two days' sessions on May 7th and 8th. There were few absentees at this Council meeting; from a membership of 85 some 77 were present and answered roll-call attending through the sessions. Every phase of the work of the Association, sections and committees was considered and discussed. There was a freedom of speech on the part of the members of the Council which was an augury for good for its future deliberations. These were business sessions in every sense of the word; and while elaborate entertainment was furnished, it was so arranged that it did not in any way interfere with the business to be transacted.

Notable among the social features were the afternoon reception at "Beechwood" and the dinner at Sleepy Hollow Country Club in the evening, which were tendered by Mr. and Mrs. Frank A. Vanderlip of New York City.

The reports of the officers of the Association dealt with the details of Association work since the New Orleans Convention and outlined clearly the activities of the several departments. The report of the Administrative Committee, which is charged with and is responsible for the executive work in the interim between Council meetings, outlined very fully

the reports of its various meetings and embodied among other recommendations that of its action regarding the removal from the present congested and ill-adapted offices to new offices on the twelfth floor of the Hanover Bank Building, now occupied by the Association. The report of the Administrative Committee was unanimously adopted. The committees of the five sections were fully represented and reported to the Executive Council their transactions during the past six months. The Association committees whose work is not yet completed reported progress. The report of the Currency Commission suggested that it seemed wise to the Commission to reserve its activity until the bill of the National Reserve Association now before Congress would be taken up by the Banking and Currency Committee of the House and given hearings. This action was also deemed advisable by the Federal Legislative Committee. The Finance Committee made several important suggestions which were adopted by the Council. The Law Committee's report showed exhaustive effort to furnish statistics procured from members of the Association relating to the segregation of savings deposits. Full reports also were made by the Bills-of-Lading, Fidelity Bonds and Burglary Insurance, Express Companies and Money-Orders and Forms for National and State Banks Committees. The special Committee on Amendments reported certain amendments to the Constitution which were given consideration and will be acted upon by the Convention at Detroit. Of any important question before The American Bankers Association and the bankers of the country, barring banking and currency legislation, is that of agricultural and financial development and education. The Association's Committee, through its Chairman, reported progress and elicited more genuine interest in this great topic than in any other subject which was presented. This committee, representing various sections of the United States, is composed of enthusiasts who are pushing the work through State Associations as well as the development of its own sphere of usefulness.

In another section of the "Journal-Bulletin" is published in detail the transactions of the Council and committees at this meeting.

# LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

## BILLS OF LADING FOR INTOXICATING LIQUOR.

At the request of a member, we published last month (page 614 April Journal) a reference to the decision of the U. S. District Court in North Dakota, rendered September 1911, in *U. S. v. First Nat. Bank of Anamoose*, 190 Fed. 336 to the effect that Section 239 of the U. S. Criminal Code makes it unlawful for a bank to collect a draft with bill of lading attached covering a shipment of intoxicating liquor from one state to another. Section 239 makes it criminal for any railroad or "any person" in connection with the transportation of intoxicating liquor from one state to another to collect the purchase price from the consignee before, on or after delivery and the court held that a bank which collected a draft and surrendered the bill of lading attached was doing so in connection with the transportation of the liquor and therefore violated the Act. Our article warned banks to be careful not to handle this kind of business.

We have since received a communication from the National Wholesale Liquor Dealers' Association of America in which they contend that the Anamoose decision does not correctly interpret Section 239 and that bankers are needlessly alarmed by that decision.

It appears that in January 1910 the U. S. Circuit Court for the Eastern District of Oklahoma in *Danciger v. Stone*, 188, Fed. 510 held, contrary to what was subsequently decided in the Anamoose case, that the act of a bank in collecting a draft attached to a bill of lading for liquor transported in interstate commerce from the purchaser was not in connection with the interstate transportation of the liquor and it was therefore not within the statute. It also appears that Attorney General Wickersham on May 3, 1911, rendered an opinion that Section 239 did not apply to banks, collecting drafts with bills of lading attached, where the shipment was made to a real consignee upon an order sent by him and filled by shipment from the dealer's place of business.

In view of this conflict and of the fact that the Anamoose case was decided after the opinion of the Attorney General was rendered, a letter was written by the General Counsel of this Association to the Attorney General inquiring if such decision would cause any change in his opinion.

The following reply received from the office of the Attorney General will be of general interest.

Department of Justice,  
Washington, D. C. April 24, 1912.  
Mr. Thomas B. Paton,  
General Counsel, American Bankers' Ass'n.,  
11 Pine Street, New York City.

Sir:—I beg to acknowledge receipt of your letter of the 22nd instant inquiring whether the decision of the District Court of North Dakota in

*United States v. First National Bank of Anamoose* (190 Fed. 336), will cause the department to change its opinion of May 3, 1911 (29 Op. A. G. 58), with reference to the question whether it is a violation of section 239 of the Criminal Code for a bank to collect a draft with a bill of lading attached in connection with an interstate shipment of intoxicating liquor.

As you state in your letter, Judge Amidon of the District of North Dakota held, in the *First National Bank of Anamoose* case, that such action on the part of a bank is in violation of that section. A contrary opinion, however, was expressed by District Judge Campbell of the Eastern District of Oklahoma in *Danciger v. Stone* (188 Fed. 510), who construed the statute in accordance with the view expressed by the Attorney General in his opinion above mentioned.

It is desirable, of course, in view of the conflict of judicial decision, that the matter should be authoritatively settled. I am advised that the Bank of Anamoose case has been taken to the Circuit Court of Appeals for the Eighth Circuit. Pending the determination of the matter by the Appellate Courts, the Department does not deem it proper to institute any prosecutions for the transactions referred to, but this should not be taken as guaranteeing any one immunity in the event such transactions are held to be in violation of law.

Respectfully for the Attorney General,  
(Signed) W. R. HARR,  
Assistant Attorney General.

From this it appears that the question awaits determination by the Appellate Court and pending such determination the Department of Justice will not institute prosecutions for such transactions; but it does not guarantee any bank immunity in the event such transactions are ultimately held in violation of law.

This shows our members the present situation. We have been requested to express our own opinion upon the proper construction of Section 239; but feel that this is unnecessary and would be undesirable in view of the fact that the question will be authoritatively passed upon by the Appellate Court in the near future.

We have furthermore received several letters asking if Section 239 is limited to prohibition or local option states or covers the entire country.

To these letters we have answered that while the object of this legislation was to prevent the sale of liquor in prohibition states under the protection of the Commerce Clause of the Constitution, there certainly is nothing in the language of the Section which limits its operation to prohibition or local option states; on the contrary it applies in express terms to collection of the purchase price in connection with the transportation of intoxicating liquor from one state "into any other state, territory or district of the United States or place non-contiguous thereto but subject to the jurisdiction thereof."

**BILLS OF LADING.**

**G**ENERAL Counsel is pleased to report for the information of our members that on May 10 the Senate Committee on Interstate Commerce by a majority vote reported to the Senate the Clapp-Stevens bill advocated by this Association with certain modifications which do not at all weaken the bill from the bankers' standpoint. The measure reported is as follows:

Section 1.—The words (bill of lading), when used in this act shall apply to a bill of lading for the transportation from a place in any state, territory, possession or district of the United States to any other state, territory, possession or district of the United States and from any place in any state, territory, possession or district of the United States to any foreign territory.

Section 2.—That every carrier which, by itself or its agent or servant, authorized to issue bills of lading, shall issue a bill of lading, before the property described therein shall have been actually received and at the time under the actual control of such carrier to be transported, or who shall issue a second or duplicate bill of lading for the same property, in whole or in part, for which a former bill of lading has been issued and remains outstanding and uncanceled, without prominently marking across the face of the same the word "duplicate" shall be estopped as against the consignee and every other person who shall acquire by written assignment, transfer or endorsement thereon, any such bill of lading in good faith and for value, to deny receipt of the property described therein, or to assert that a former bill of lading has been

issued and remains outstanding and uncanceled against the same property, as the case may be.

Provided, That where a bill of lading is issued for property billed "shipper's load and count," indicating that the goods were loaded by the shipper and the description of them made by him; if the goods were so loaded voluntarily by the shipper only and the description made by the shipper only and the carrier or its agent had no knowledge of such count or description, this act shall not apply.

Section 3.—That any carrier who shall deliver the property described in a bill of lading drawn to a consignee or order, without requiring surrender and making cancellation of such bill, or in case of partial delivery, indorsing thereon a statement of the property delivered, shall be estopped as against all and every person or persons who have acquired or who thereafter shall acquire, in good faith and for value, any such bill of lading, from asserting that the property described therein has been delivered or partially delivered; and such carrier shall be liable to every such person for the damages which he may have sustained because of reliance upon such bill.

Section 4.—That no carrier shall be liable under the provisions of this act where the property is replevined, or removed from the possession of the carrier by other legal process or has been lawfully sold to satisfy the carrier's lien, or in case of sale or disposition of perishable, hazardous or unclaimed goods, in accordance with law or the terms of the bill of lading.

Section 5.—That any alteration in the bill of lading after its issue and without authority from the carrier issuing the same, either in writing or note on the bill of lading shall be void, but such bill of lading shall be enforceable according to its original tenor.

**OPINIONS BY GENERAL COUNSEL.**

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

**GUARANTEE OF INDORSEMENT.**

**Opinion that "all prior indorsements guaranteed" warrants genuineness of payee's indorsement, not only where name of payee is forged, but also where payee's name is signed without authority by another.**

From Kansas.—Referring to the opinion on guaranty of indorsement which appeared in the January number of "The Journal of the American Bankers' Association."

An official of the Kansas Bankers' Association was recently in our office, and while here called attention to a case almost parallel to the one you refer to in your article, except that in this case the cashier's check was made payable to Mrs. John Doe and indorsed Mrs. John Doe by John Doe. The bank which cashed the item indorsed "all prior indorsements guaranteed." The drawee bank, relying on this guaranty, paid the item. It later developed that Mrs. John Doe did not receive the money.

Said official takes the position that, since the drawee bank accepted that indorsement when they had notice that Mrs. John Doe did not indorse, the bank which cashed the item was relieved of responsibility. In other words, the clause "all prior indorsements guaranteed" does not guarantee anything more than that John Doe actually made the indorsement—that the indorsing stamp in question does not guaranty something that is not there and that the instrument itself bears notice that Mrs. John Doe's indorsement is not there.

In this opinion some of our local bank men concur. Others take the position that while the drawee bank did have notice, yet they relied on the guaranty to correct the irregularity in the indorsement that the drawee bank would not accept the item unless the indorsement was guaranteed and that the bank cashing the item is liable to the drawee bank for any damages they may sustain by reason of having to pay the item twice.

The former opinion is based on the fact of notice which the instrument carried, while the latter is based

on the fact that the bank cashing the item was bound to know the indorsement of its customer.

In "The Law of Deposits," by Fred W. Weitzel, we find the following: "Whether the holder transfers a negotiable instrument by indorsement or by delivery, he warrants that the instrument is genuine and in all respects what it purports to be; that he has good title to it; that all prior parties had capacity to contract and that he has no knowledge of any fact which would impair the validity of the instrument or render it valueless."

If the authorities and courts uphold the above, will you kindly give us your construction, and state whether you think it covers the question under discussion?

We are intensely interested in getting something final to which we can tie, because the question involved comes up almost every day. Since there is such a difference of opinion among men who claim to be well posted, we will appreciate it very much if you can give us any information in addition to that contained in your article in January.

I have always held the opinion, since first examining the question some years ago, that "prior indorsements guaranteed" is a warranty of genuineness and sufficiency of prior indorsements, broad enough to cover not only the case where the indorsement of a payee is an out-and-out forgery, but also where the payee's name is signed without authority by another; further, that it would cover a discrepancy or irregularity in the prior indorsement, as, for example, where a payee is named "J. F. Smith" and the indorsement is "John Smith."

According to the courts, a guaranty of this kind is to be construed according to the intention of the parties considered in connection with the subject matter, and certainly, as it seems to me, when a guaranty of prior indorsements is put upon an instrument the

Intent is to warrant to the subsequent holder or drawee that all prior indorsements are all right in every respect. The drawee of a check who is remote from the place of the payee cannot know that the payee's indorsement "A by B" is by A's authority any more than he can know that the plain indorsement of A is genuine and the intent and object of "prior indorsements guaranteed" is to guarantee genuineness, validity and regularity in every respect as an inducement to the drawee to make immediate payment, without his taking the time to investigate as to whether in one case A's indorsement is genuine or in another that B had authority to indorse for A, or in still another that, although there is a discrepancy between the payee's name in the body and on the back of the check, the indorsement was by the true payee. Such investigation would, of course, be impracticable; therefore the guaranty of prior indorsements is intended to cover all such matters and not by any strict, narrow interpretation to be limited to a case of bald forgery as distinguished from a case where B assumes authority to indorse for A. I think this probably would be the construction of the courts should the precise question come before them involving this form of guaranty of indorsements as covering a case of unauthorized indorsement "A by B."

Aside from the Negotiable Instruments Law, it has long been the rule of the law merchant that an indorser of a negotiable instrument guarantees the genuineness of prior indorsements, and in your own State of Kansas the Supreme Court in 1905 (*Wellington Nat. Bank v. Robbins*, 71 Kan., 748) held that this warranty of genuineness covered the case of an unauthorized indorsement of the payee's name by another. In that case the payee's name on a check was indorsed without authority, thus: "Parkhurst Davis Merc. Co., per F. H. Teale, salesman." The check was then indorsed (without any special guaranty) by a bank which had cashed the same for Teale and payment was received from the drawee. The indorsing bank was held liable to the drawee. The court in its official syllabus stated:

"When an indorsement upon a genuine bank check is forged, or the name of the payee is placed thereon without authority, and the check is transferred and paid by a bank not the drawee, which bank in turn indorses it and collects it from the drawee bank, the drawee is under no obligation to inquire as to the genuineness of the first indorsement, but the latter indorser guarantees the genuineness of the prior indorsement."

In this case it is seen the unauthorized indorsement "A by B" was deemed non-genuine equally as a plain forgery and was covered by the warranty of genuineness implied from the bank's indorsement.

The Negotiable Instruments Law codifies this rule of the law merchant by a provision that "every indorser who indorses without qualification warrants to subsequent holders in due course . . . (1) that the instrument is genuine and in all respects what it purports to be; (2) that he has a good title to it; (3) that all prior parties had capacity to contract, and (4) that he has no knowledge of any fact which would impair the validity of the instrument or render it valueless . . .". This is, in effect, what you quote from Weitzel's "Law of Deposits."

The above provision, in a case where an owner indorses an instrument to an indorsee for value would

fully protect the latter in case of forgery or insufficiency of prior indorsements, but the necessity in many cases of a special guaranty such as "prior indorsements guaranteed" is because of two reasons: (1), where the paper is held by a bank for collection, the bank's own indorsement is not a warranty of genuineness, it being merely agent and not owner of the paper; (2), the indorser's warranty provided by the Negotiable Instruments Law runs only to subsequent holders in due course and the definition of a holder in due course as given by that law does not include the drawee.

For these reasons special guarantees such as "prior indorsements guaranteed" are put upon instruments by collecting banks in order to induce payment by the drawee and provide it with a right of recourse upon the bank making the guaranty in case such prior indorsements are forged, unauthorized or otherwise insufficient.

There have been very few cases construing these special guarantees of prior indorsements and none that I know of in which the contention has been made that they do not cover the sufficiency of an indorsement "A by B." In *Second National Bank v. Guarantee Trust and Safe Deposit Co.*, 206 Pa., 616, the indorsement of a payee was forged. It was not a case of indorsement of the payee's name by another, but the forged name of the payee appeared alone on the back of the check. The bank which collected the check indorsed it "previous indorsements guaranteed." The Supreme Court of Pennsylvania referring to this said that "the defendant expressly guaranteed the previous indorsements" and that "the form in which the defendant indorsed the draft makes clear its intention . . . as guaranteeing the validity of the prior indorsements."

Without prolonging this discussion further I am of opinion that "all prior indorsements guaranteed" placed on the back of a check payable to Mrs. John Doe and indorsed "Mrs. John Doe by John Doe" would be construed as a warranty that John Doe had full authority to indorse and that such indorsement was valid to transfer the instrument.

#### ACCEPTANCE BY WIRE.

**Telegram "John Smith good on our books for \$50 to-day" not binding on bank as acceptance of John Smith's check for \$50.**

From New York.—Having received a telegram from a Western hotel, "Is John Smith good on your books for \$50?" we answered by wire and confirmed by letter as follows, "John Smith good on our books for \$50 to-day."

The balance of John Smith having been withdrawn this check afterward reaches us from the West and is returned for insufficient funds. Has the Western hotel a case against us to recover the \$50, claiming that the check was cashed relying upon our advice?

Your wire that "John Smith good on our books for \$50 to-day," confirmed by letter, does not make you liable to the addressee who cashed Smith's check for \$50 on faith of such wire. Your telegram was not "an unconditional promise in writing to accept" the check for which, under the Negotiable Instruments Law, the promisor would be liable to a bona fide holder cashing the check on faith of the promise. The tele-

gram does not refer to a check at all, nor contain any specific promise, but is merely a statement of fact as to the condition of a customer's account on a given day. See for example *First National Bank v. Commercial Savings Bank*, 80 Pac. 746, where a bank received a telegram, "Is D's check on you for \$350 good?" and answered, "D's check is good for sum named," and the court held that the answering telegram was not binding as an acceptance, as it did not clearly and unequivocally import an absolute promise to pay.

### CERTIFICATION OF CHECK

**Is a matter of favor on the bank's part and cannot be claimed as a right.**

From Pennsylvania.—A customer of ours in payment of an automobile which he bought gave his own check to the agent of the firm. The check was payable to the firm itself and the agent came to our offices and requested that we certify the check. We refused same, saying that the agent did not have the authority from the payee to demand such certification.

We are anxious to know if our course was proper and also whether the payee of the check can demand certification.

Certification is a matter of favor on the bank's part and cannot be claimed as a right (Morse on Banks, section 404). As the payee cannot demand but only request certification, it is a matter exclusively within the bank's province to say whether it will certify or not, and in a case where the bank is doubtful whether the agent of the payee has authority to make the request it is, of course, perfectly proper to refuse to certify.

### "PAYMENT STOPPED."

**Where bank refuses payment of check in pursuance of instruction from drawer not to pay, opinion reiterated that bank is justified in stamping "payment stopped" upon instrument before returning same to holder.**

From Pennsylvania.—We have had an experience in marking a check of one of our customers in red ink across the face of the check "Payment stopped." We have had our action in this case objected to by a neighboring bank, who took the position that we had no right to mark the check. We referred the matter to our attorney who apparently agreed with the other bank.

Our opinion was that the maker of the check had an absolute right to order us to refuse payment and to make a non-negotiable instrument out of his check. It appears from an article which you published in the *Journal* for August, 1911, that you agree with this idea. We sent this article to an attorney in our counsel's office, and I received a contrary opinion which we enclose.

We would be very glad to have you state whether you would consider his opinion as being correct.

In the *Journal-Bulletin* for August, 1911 (page 92), I published an opinion to the effect that I knew of no law which expressly forbids a drawee bank stamping on a check without the owner's consent the words "payment stopped," that while technically such an act might be a trespass upon the owner's property, it was quite unlikely the bank would be held liable in damages for so doing; that the Federal government

expressly authorizes national bank officers to stamp "counterfeit" or "worthless" on fraudulent notes presented at their place of business, and that the beneficial result of stamping "payment stopped" upon a stopped check would be to serve as a warning to others to whom the holder might afterwards attempt to negotiate the stopped check.

Since then I have received a copy of opinion submitted to your bank by your attorney taking exception to the above view and stating:

"I am clearly of opinion that under the Negotiable Instrument Act of this State, the words payment stopped should not be written on a check by you at any time unless the same be done on the back of the check in lead pencil. I do not see how the marking of payment stopped on a check in any way amounts to positive evidence that payment has been stopped.

According to this, your attorney sees nothing unlawful or improper for a drawee bank which has been instructed not to pay a check, to write across the back thereof in lead pencil the words "payment stopped," but is of opinion that such words should not be written or stamped by the drawee in red ink across the face of the check. In other words, that what is proper when done on the back in lead pencil, susceptible of being erased and the check afterwards negotiated as an apparently undishonored instrument, becomes improper when done in red ink on the face in a way that will prevent the holder from afterwards negotiating the instrument.

Further reflection and investigation of this subject only tends to confirm my former opinion that it is a proper practice for a drawee bank to whom a check, which has been countermanded by the drawer, is presented for payment, to write or stamp thereon in ink the words "payment stopped." The following reasons would seem to support this view:

1. Such stamping is nowhere positively prohibited by any provision of law.

2. It is even doubtful whether it can be regarded as a technical trespass upon the owner's property, for the practice is frequent and the right may exist on the ground of custom or sound public policy. The bank is presented with an order in writing to pay. It would seem that the bank can claim the right to answer the demand by writing on the face the reason why it refuses to comply.

3. No substantial right of the holder is violated by such stamping of "payment stopped." A check does not lose its assignability by being dishonored, but the stamping of the fact of dishonor upon the instrument prevents the holder from negotiating it as an undishonored one and this he has no right to do, after dishonor. The Negotiable Instruments Law provides that an indorser who negotiates an instrument warrants, among other things, "that he has no knowledge of any fact which would impair the validity of the instrument or render it valueless," and if a dishonored check is subsequently negotiated without disclosing the fact of dishonor there is a breach of this warranty. The stamping "payment stopped" prevents such wrongful negotiation, and the holder still has the same recourse upon the drawer and prior indorsers as if the instrument were not so stamped.

4. Justification for stamping a check "payment stopped" is found in the sound public policy and bene-

ficial effect of preventing the further circulation to the detriment of some innocent person, of paper which will not be paid by the bank.

5. It is suggested by your attorney that the marking of "payment stopped" on a check does not "in any way amount to positive evidence that payment has been stopped." Whether it does or not is immaterial. Such words have the effect of warning any possible future purchaser. This is the purpose for which they are stamped on the instrument. Such imprint is not made primarily for the benefit of the holder to afford him evidence of dishonor, and the way is open to him to establish the fact of dishonor by protest or other legal evidence to preserve his rights against prior parties, equally as where the instrument is not so stamped.

I have examined the authorities in the hope of finding some precedent wherein the right of a drawee so to stamp paper which it dishonors before returning it to the holder has been involved, but have been unable to find any direct precedent upon the question. Certainly no case exists wherein a bank has been held liable in damages for stamping "payment stopped" upon a check which has been countermanded.

In an English case, *Burbridge v. Manners*, 3 Campbell 193, it was said that "it is the duty of bankers to mark some memorandum on bills and notes which have been paid." This language is quoted with approval by the Supreme Court of the United States in *District of Columbia v. Cornell*, 130 U. S. 659, as being a method which would protect the banker from afterward being held liable to any holder of the instrument, in case payment was made before maturity. This, of course, deals with the stamping of paid, as distinguished from dishonored paper."

An analogous practice to that under consideration is the noting on a bill, dishonored by non-acceptance, of such fact. This, of course, is done by the notary who presents the bill and not by the drawee. The right to do it is recognized by the Negotiable Instruments Law which provides that "when a bill has been duly noted, the protest may be subsequently extended as of the date of the noting." One effect of this is to warn any subsequent purchaser that the bill has already been dishonored. In *Andrews v. Pond*, 13 Pet. 65 (decided by the Supreme Court of U. S. in 1839), a bill of exchange was protested for non-acceptance. This fact appeared on the face of the bill at the time it was transferred. Chief Justice Taney said: "Now, a person who takes a bill which, upon the face of it was dishonored, cannot be allowed to claim the privileges which belong to a bona fide holder without notice." See also *Goodman v. Harvey*, 4 Adol. and El. 870.

The case of *Fowler v. Brantly*, 14 Pet. 318, also bears a certain analogy to the question under consideration. In that case a note which the makers had intrusted to a factor was offered to a bank for discount and was rejected. The cashier of the bank made a pencil mark on the note, according to the usage of the bank to so mark all notes offered for discount and refused. Thereafter the factor transferred the note in fraud of the makers. Mr. Justice Catron said: "The pencil mark on its face, when sold, was common to all rejected paper and was put there by the officers of the bank as evidence of the fact

that it had been offered and rejected; and those dealing for it, with the mark on its face, must be presumed to have had knowledge of what it imported

A note overdue or bill dishonored is a circumstance of suspicion to put those dealing for it afterwards on their guard and in whose hands it is open to the same defenses it was in the hands of the holder."

Here is a case, it is seen, where a discrediting mark was put on an instrument by a bank which had rejected it and the mark was held to serve as notice to a subsequent purchaser. There was no intimation in this case that the bank had no right to so mark the instrument as rejected.

While I have been unable to find any direct authority either affirming or denying the right of a drawee to stamp a revoked check "payment stopped" before returning it to the holder, I am of the opinion, in view of the custom so to do, the beneficial purpose thereby served, and the fact that no substantial right of the holder is violated, that the practice is a proper one and that if the question was brought before the courts it would be upheld, as within the rights of the bank.

#### SIGNATURE TO CHECK.

**Opinion that bank would not be liable in damages for refusing to pay a check because signature does not agree with one left with bank when account opened.**

From District of Columbia.—Is a bank liable for damages for refusing to pay a check on account of the signature not agreeing with the one left with the bank when the account was opened?

I would say that the bank would not be liable in such a case. The bank does not agree with its customer to pay checks signed by the customer with any form of signature the latter chooses to adopt. When the account is opened the customer writes on the signature book or card and the special form of signature which will be used by him in signing checks or orders on the bank. I think the courts would hold that this evidences an agreement between bank and customer that the identical form of signature on file will be used and where another form is used, not agreeing with the one on file, and the bank refuses to pay the check for that reason, I believe the courts would hold the bank justified in its refusal and not liable in damages to its customer for injuring his credit. Morse, in his work on *Banks and Banking* (sec. 432) says that "the proper and only safe rule for the bank to adopt is to require the signature to be identical in terms with the credit on the books." This language is used with reference to the case where, for example, an account on the books stands in the name of "A. B. Trustee" and the customer signs the check simply "A. B." But equally I think the bank is entitled to insist as a part of its contract with its customer that where the customer, in opening an account, files his signature with the bank "J. Brown Smith," the bank is entitled to insist upon that identical form of signature as a prerequisite to making payment and may rightfully refuse to pay a check, although genuine, signed "J. E. Smith" or "John B. Smith."

**COMPETENCY OF NOTARY—IDAHO.**

**In Idaho notary who is officer but not stockholder is probably competent to take acknowledgements for his bank.**

From Idaho.—Will you kindly advise me whether or not a notary public in the State of Idaho who is an officer of a bank and not a stockholder, can legally take acknowledgements for the bank with which he is connected?

A large majority of the courts throughout the country hold that a notary who is an officer or agent of a bank, but not a stockholder, is competent to take acknowledgements for a bank with which he is so connected. Where the notary is a stockholder the decisions conflict but the larger number have held him incompetent. In Idaho there has been no decision that I know of involving the question. The notary in your case, not being a stockholder, I think he would be held competent to take acknowledgements for the bank.

**COMPETENCY OF NOTARY—ILLINOIS.**

**By statute in Illinois, notary who is stockholder or officer of bank is competent to take acknowledgements of instruments relating to real estate to which bank is a party.**

From Illinois.—In the Journal for April (page 616), you refer to the case of Ogden Building and Loan Association v. Mensch, 196, Ill., 554, in which it was decided that an acknowledgment of a mortgage taken before a notary who is stockholder of the mortgagee is invalid because of the notary's indirect pecuniary interest. Your attention is invited to Chap. 30, sec. 43a Rev. Stat., Ill., 1912, or laws of 1903, page 120; also to Maxwell v. Building and Loan Association, 216, Ill., 86, which changed the law as decided in the Ogden case.

It appears that since the decision of the Supreme Court of Illinois, in June, 1902, in Ogden Building and Loan Association v. Mensch, 196, Ill., 554, the Legislature of Illinois, by act approved May 15, 1903, enacted:

"That all deeds, mortgages or other instruments in writing relating to or affecting any real estate situated in this State, wherein a corporation was or may be the grantor, mortgagor, grantee or mortgagee, which have been acknowledged or proven before any notary public, justice of the peace or other officer authorized by the statutes of this State to take acknowledgments of such instruments in writing, when so acknowledged or proven, in conformity with the statutes of this State, shall be adjudged and treated by all courts of this State as legally executed and acknowledged or proven, notwithstanding such acknowledgments or proof of the execution thereof were taken before a notary public, justice of the peace or such other officer who was, or may have been at the time of such acknowledgment a stockholder or officer of such corporation; and all such acknowledgments or proof of such deeds, mortgages or other instruments in writing heretofore taken before any such notaries public or other officers, who were at the time of such execution, acknowledgment of proof, a stockholder or officer of such corporation, are hereby legalized."

In Maxwell v. Lincoln Building and Loan Association, 216, Ill., 85, the Supreme Court of Illinois held that the above act was valid and constitutional as

between the original parties to the instrument. This act, it will be observed, covers only deeds and mortgages of real estate and to this extent changes the law as held in Ogden, etc., v. Mensch. It makes the notary competent, although a stockholder or officer to take acknowledgments of instruments relating to real estate to which the corporation is a party. What the rule would be in case of an acknowledgment of a chattel mortgage before a notary interested as stockholder, is left somewhat uncertain.

**COMPETENCY OF NOTARY—MINNESOTA.**

**In Minnesota notary who is stockholder and officer of bank is competent to take acknowledgments and make protests of paper in which the bank is interested.**

From Minnesota.—Will you kindly inform us whether a notary who is an officer and a stockholder of mortgagee bank is competent to take acknowledgments of mortgages running to the bank? Can such notary protest paper for the bank?

By chapter 406, laws of 1907 the Legislature of Minnesota provided:

"Any person authorized to take acknowledgments or administer oaths, who is at the same time an officer, director or stockholder of a corporation is hereby authorized to take acknowledgments of instruments wherein such corporation is interested, and to administer oaths to any officer, director or stockholder of any such corporation as such, as fully and effectually as if he were not an officer, director or stockholder of such corporation."

Under this you will see it is competent for a notary who is an officer and stockholder of a mortgagee bank to take acknowledgments of mortgages running to the bank. The Minnesota law does not cover protests, but I think it would be quite safe in view of this statute to proceed on the assumption that the notary is competent to protest paper owned by the bank. While quite a number of courts throughout the country, in the absence of statute, have held a notary stockholder incompetent to acknowledge mortgages running to his bank there have been very few, if any, cases where the notary has been held incompetent to protest paper for the bank.

**COMPETENCY OF NOTARY—OKLAHOMA.**

**In Oklahoma notary probably competent to acknowledge instruments to or from bank or to protest bank's paper, although a stockholder of such bank or holding other official relation.**

From Oklahoma.—Kindly advise as to the competency of a notary public in Oklahoma, who is an employee and stockholder but not a director or officer of such bank pertaining to acknowledging instruments to and from said bank; also protesting the bank's paper.

The Supreme Court of Oklahoma, in 1908, in the case of Ardmore National Bank v. Briggs Machinery and Supply Co., held as follows:

"The acknowledgment of a deed of trust, executed by a corporation grantor to secure payment of certain promissory notes, is a ministerial act.

Where such an instrument is acknowledged before a notary public, who was at the time a director and treasurer of the grantor corporation, and also indebted for unpaid subscriptions to its stock, which facts were known to the grantor, but there was nothing on the face of the instrument or acknowledgement indicating such relationship, the deed of trust was entitled to registration, and the registry thereof was notice to subsequent purchasers, incumbrancers or lienors."

While this was a case of a deed of trust executed by a corporation, it is quite likely from the language of the court in its opinion in this case that the same decision would have been rendered had the instrument been executed to the corporation and acknowledged before a notary who was a stockholder of such corporation. The Oklahoma Court cites *Read v. Toledo Loan Co.*, 68 Ohio State, 280, which was such a case and in which the acknowledgment was held valid, and it holds quite generally that where the interest of the notary does not appear on the face of the deed, the acknowledgment is good and the record is notice.

I think under this decision that a notary public in Oklahoma would be competent to acknowledge instruments to and from the bank and to protest the bank's paper, although he be a stockholder, director, officer or employee or hold any one or more such positions or relations.

#### COMPETENCY OF NOTARY—PENNSYLVANIA.

**In Pennsylvania manager of Foreign Department of Bank not competent to take acknowledgments or make protests for bank.**

From Pennsylvania.—Can you inform us whether it is lawful and correct for the manager of our Foreign Department, who is not a stockholder, to acknowledge, as notary, any and all papers and to protest any checks and notes for this bank?

I am of opinion that the manager of the Foreign Department of a bank in Pennsylvania is not competent to acknowledge as notary, mortgages and other papers given by or running to the bank or to protest checks and notes for the bank. By act of March 24, 1903, the Legislature of Pennsylvania enacted:

"Hereafter any stockholder, director or clerk in any bank, banking institution or trust company may, at the same time, hold, exercise or enjoy the office of notary public, providing, that no stockholder, director or clerk in any bank, banking institution or trust company, shall do or perform any act or acts as notary public, or perform any duty or duties of notary public, for such bank, banking institution, or trust company, in which he or she may be a stockholder, director or clerk, and any act or acts, duty or duties, performed by any notary public of any bank, banking institution or trust company, in which he or she may be a stockholder, director or clerk, is and are hereby declared invalid."

By subsequent act approved April 27, 1909, the prohibition against stockholders of banks acting as notaries for such banks was removed, but still exists as to directors and clerks.

This legislation, you will see, expressly prohibits directors and clerks of banks from performing any acts as, or duties of, notary public for the bank. Assuming that the manager of the Foreign Department would be more properly termed an officer of the bank rather than a clerk, nevertheless it seems to me of-

ficers of the bank, technically so called, are clearly within the spirit of the prohibition, and that this law would disqualify a notary who is manager of the Foreign Department from taking acknowledgments or making protests for the bank.

#### COMPETENCY OF COMMISSIONER OF DEEDS—NEW JERSEY.

**In New Jersey Commissioner of Deeds is competent to take acknowledgment of mortgage to bank of which he is cashier, director and stockholder.**

From New Jersey.—Will you kindly render an opinion as to the legality of acknowledgment taken by a cashier who is a Commissioner of Deeds in New Jersey, to a mortgage given by an outside party to the bank to secure a debt previously contracted, said cashier being also a stockholder and director.

I think the acknowledgment of a mortgage to the bank taken before a Commissioner of Deeds who is cashier, stockholder and director would be valid under the laws of New Jersey. In *Morrow v. Cole*, 58, New Jersey Eq., 203, an acknowledgment of a mortgage made to one of two executors as such, before a master who was the other executor, was held valid where the mortgage on its face did not disclose his interest therein, since the taking of the acknowledgment was a ministerial act. The court held that where the interest of the acknowledging officer does not appear on the face of the deed, the acknowledgment is not void and the registry of the deed is notice.

New Jersey is one of the States that enacted the law recommended by this Association providing the competency of bank notaries, but as in that State notaries are not authorized to take acknowledgments the Legislature omitted the portion of the law relating to acknowledgments and simply enacted the qualifying provisions as to administering oaths and making protests. But apart from this statute the decision above cited justifies the conclusion that the Commissioner of Deeds is competent to take the acknowledgment in the case stated, assuming he does not appear as a party to the instrument acknowledged.

#### PROTEST OF CHECK.

**A check lacking payee's indorsement presented for payment by subsequent holder and refused payment for want of indorsement, is not dishonored and protest not justifiable.**

From Oklahoma.—We have four banks in our town and have daily clearances. At this clearance we returned a couple of checks to one of the banks for indorsement of the payee, check having been made payable to order.

We simply returned the check for indorsement and told the clearance clerk they were good if properly indorsed; the bank protested both checks, adding the \$3 fees, of course. Our customer being a farmer of the ordinary class, of course, takes it as rather a slam on him that his check should be protested and we have endeavored to show him that it was out of the ordinary for a bank to protest a check under such conditions.



The bank had the usual protesting instructions, and we would like to know whether or not the bank would have been taking any chances on returning the checks without protesting and whether or not they were properly protest items, just being returned for indorsement.

Protest of the checks in the case stated was unauthorized and the owner would have no right to collect the protest fees. To justify protest there must be a dishonor of the instrument and refusal to pay a check to a holder because it lacks the indorsement of the payee is not a dishonor. A bank is not authorized to pay a check drawn payable to order to a transferee of the payee unless the order is evidenced by the payee's indorsement; presentment of such a check by the holder, lacking the payee's indorsement, is not a due presentment and refusal to pay because of absence of payee's indorsement is not a dishonor.

#### PROTEST OF CHECK ON SATURDAY.

**Where check is presented and dishonored on Saturday forenoon, opinion that protest should be made on Saturday.**

From New York.—Inasmuch as the law on the subject, so far as we can find, seems rather vague, will you kindly inform us whether checks should be protested on Saturday or held over without protest until the following Monday?

I am of opinion that a check presented and refused payment on Saturday should be protested on Saturday. The Negotiable Instruments Law provides that:

"Instruments falling due or becoming payable on Saturday are to be presented for payment on the next succeeding business day, except that instruments payable on demand may, at the option of the holder, be presented for payment before twelve o'clock noon on Saturday when that entire day is not a holiday."

The same law also provides:

"When a bill is protested such protest must be made on the day of its dishonor unless delay is excused as herein provided . . ."

Under the provision first quoted you will see that it is optional to present an instrument payable on demand, such as a check, on Saturday forenoon, but if it is so presented and dishonored the law requires protest to be made on the day of dishonor. It is the practice of New York banks, as I understand, to protest checks on Saturday when dishonored on that day, although in exceptional cases a check received on Saturday may be held over until Monday for presentment and protest where there is some special reason for so doing.

#### CERTIFICATE OF DEPOSIT.

**Opinion that bank should pay a negotiable certificate of deposit to bona fide holder where duly indorsed by payee although presented after payee's death.**

From Michigan.—In Michigan we bankers have generally felt it unsafe to pay a check on an account when such check was presented after the death of the maker. The question arose a few days ago as to

what position we should take should a certificate of deposit be presented for payment, if indorsed by the payee but presented after said payee's death. Your opinion will be valued.

The reason why a bank should not pay a check after the death of the drawer is because under the Negotiable Instruments Law of Michigan and of 39 other States and jurisdictions a check, of itself, does not constitute an assignment of the fund in bank and the death of the drawer operates to revoke the bank's authority to pay. In the few States where it is held that a check is an assignment, the bank remains under obligation to pay the check after the drawer's death, if presented by a bona fide holder and the funds are sufficient. In two or three States, also, there is a special statute which authorizes its bank to pay within a limited period after the depositor's death.

But while, as said, death of the drawer revokes the authority of the bank to pay his check, in the large majority of States, in the case of a certificate of deposit indorsed and transferred by the payee, I am of opinion that the bank should pay, notwithstanding presentment is not made until after the payee's death. The certificate is different in its nature from a check. The latter, except in a very few States, is a mere order on the bank to pay upon which there is no liability of the bank to the holder until it is accepted or certified. The certificate of deposit, on the other hand, is a direct promise or obligation of the bank to pay on which it is liable to a bona fide holder, the same as would be any maker of a promissory note. If the payee of a promissory note dies after transferring it, this does not release the obligation of the maker to pay the bona fide transferee and I see no reason why the same rule does not apply to a certificate of deposit indorsed and transferred by the payee, which is presented for payment after the payee's death. True, in the case of both check and certificate, there is a deposit indebtedness owing by the bank, but for a deposit subject to check the bank is debtor solely to its customer before the check is certified and the bank's authority to pay outstanding checks is cancelled by the customer's death, while on negotiable certificates of deposit, the bank's obligation runs to the bona fide holder of the certificate and the payee's death before presentment of the certificate does not affect the bank's obligation to pay to a bona fide holder under proper indorsement.

#### SET OFF OF DEPOSITOR'S NOTE.

**Right of bank, owning note payable at maker's place of business, to charge note to maker's account at maturity without first presenting for payment—obligation of bank to charge protested note to maker's account at maturity, in relief of indorser.**

From Pennsylvania.—1. A has an account with the bank. The note in dispute has not been discounted for him but for B, who is also a customer of the bank's. The note is made payable at A's place of business and not at the bank. At maturity, has the bank the right to charge same up to A's account?

2. Suppose the note in question was discounted by A and the proceeds placed to A's credit, the note being made payable at A's place of business, has the bank the right to charge same to his account at maturity?

3. If the note was protested at maturity would the bank then have the right to charge the note up against A's account or B's account?

1. Assuming that the note of A, discounted for B, is negotiable so that the bank acquiring same from B before maturity is a holder in due course and A unquestionably liable thereon, I think, although the question is not entirely free from doubt, the bank would have the right to charge the note to A's account at maturity, although made payable at A's place of business and presumably not presented there before charging it up. The right to charge up a note at maturity to the maker's account is a right of set-off which exists on the bank's part; that is to say, the bank is debtor to A for his deposit and A is debtor to the bank for the amount of his note at maturity, therefore the bank has a right to set off its indebtedness for the deposit against A's indebtedness on the note. The only question is whether this right is affected by the fact that the note is not first presented at A's place of business where it is made payable. Such non-presentation would, of course, result in the release of the indorser B, but A is the principal debtor and is liable on the note without presentment. The Negotiable Instrument Law provides:

"Presentment for payment is not necessary in order to charge the person primarily liable on the instrument, but if the instrument is, by its terms, payable at a special place, and he is able and willing to pay it there at maturity and has funds there available for that purpose, such ability and willingness are equivalent to a tender of payment upon his part. But except as herein otherwise provided, presentment for payment is necessary in order to charge the drawer and indorsers."

Assuming that A has funds and is able and willing to pay at his place of business at maturity so that he in effect tenders payment, this, of course would stop the running of interest, but I doubt if it would prevent the bank's exercising its right of set off by charging the note to A's account. I am not aware that this specific question has been passed upon by the courts, but I am inclined to think that the bank would have the right to charge up the note against A's account without first presenting it to him for payment at his place of business. It certainly is the law that a bank can sue the maker on a matured note without first presenting it at the place where payable.

2. Concerning the second question, I think for the reasons above given the bank would have the right to charge the note against A's account at maturity, whether or not it was discounted in the first instance for A or for B.

3. This question assumes that the note has been presented at A's place of business because it cannot be protested unless so presented. The bank can, of course, charge the note up against A's account, but I do not think it could charge it up against the indorser, B's account, where A's account was sufficient. It has been decided in Pennsylvania that if the maker of an indorsed note held by the bank has, at maturity of the note, a sufficient balance to his credit to pay it, unappropriated to a particular purpose, the bank is bound to apply the deposit in payment of the note and failure so to discharge the indorser. (Bank v. Henninger, 105 Pa., 496). But the deposit must be sufficient at the time

of maturity of the note; subsequent deposits will not raise the duty (Bank v. Legrand, 103 Pa., 309; Bank have been previously appropriated to any other use have been previously appropriated to any other use (Bank v. Foreman, 138, Pa., 474; Bank v. Peltz, 176, Pa., 513).

In the event A's account was insufficient at maturity and B's account sufficient, the law is not clear whether the bank would have the right to charge the note up against B's account. For example, it has been held in Indiana that in the absence of a contract giving it the right to do so, a bank cannot apply money due a depositor to the payment of a note on which he is a surety. Lamb v. Morris, 118, Ind., 179. At the same time protest of the note fixes the indorser's liability absolutely and I see no good reason why a bank should not be allowed to set off a debt due to it by an indorser of a protested note against its liability to the indorser on deposit account, in a case where the maker has no funds to pay the note.

#### FORGED TELEGRAPH ORDER.

Where a telegraph company receives and transmits a forged telegram purporting to be sent by one bank to another ordering the payment of money, the company is not liable as an insurer of the genuineness of the message, but is bound to exercise reasonable care to receive and transmit only genuine messages and responsible for negligence in that regard.

From Arkansas.—We received recently a message in the regular course of business through the Western Union Telegraph Company here, message reading as follows:

"First National Bank, Van Buren, Ark., pay Jno. Jones seventy-five dollars, waive identification, we remit.

Signed, "BLANK, National Bank."

It now turns out that the message was never sent by any bank, but that it was sent by some one unknown to the Telegraph Company, and they are unable to locate where the message was sent from, or to find out who the sender was. Message was headed Atlanta, Ga., and operator here cannot trace it back further than Ft. Smith, Ark., the point taken from off the wire here.

We write to ask whether there is any responsibility attached to the Western Union Telegraph Company, and whether or not we have any recourse on them.

Message delivered to us by Western Union messenger. Your opinion will be appreciated.

It seems to be the rule that a telegraph company is not an insurer to the addressee that a telegraph message is genuine, but is bound to the exercise of reasonable care in this regard and responsible for negligence in receiving and transmitting a forged message.

In Western Union Telegraph Co. v. Totten, 141, Fed., 533, the United States Circuit Court of Appeals, Iowa, held that in the absence of notice of facts which would arouse suspicion in the mind of a person of ordinary prudence as to the authority of a party presenting a message for transmission, the exercise by a telegraph company of reasonable care to receive and transmit genuine messages only does not require them to ascertain the identity or authority to send it of the person tendering the message, whether it is in writing or communicated by telephone.

In *Bank of Havelock v. Western Union Tel.*, 141, Fed., 522, decided by the same court, it was held that where a message is presented for transmission by a telegraph company and facts or circumstances come to the notice of the company or its acting operator tending to arouse suspicion as to the authority to send it of the person who presents the message, the exercise of reasonable care to transmit genuine and authorized messages only, requires the party receiving the notice to investigate as to the authority of the sender before transmitting the message or to communicate the circumstances to the addressee at or before delivery.

Cases wherein telegraph companies have been held liable to the receivers of forged or fraudulent messages and the grounds upon which liability has been based are as follows:

1. *Western Union Tel. Company v. Uvalde*, 97 Tex. 219. In this case an operator in the employ of a telegraph company informed a stranger, who was an operator, what the "call" was for a certain town, and subsequently the latter tapped one of the company's wires and sent a message to a bank in such town, whereby the bank was led to cash a worthless draft for a confederate of the one who had tapped the wire, and who had control of the wire for the space of four hours. It was held that the telegraph company was guilty of negligence and liable to the bank for the amount of the draft. The court said it was not a sufficient defense to show that a false message was put on the company's wires by strangers and deceived its servants at the receiving station, without fault on their part, without a further showing that precautionary measures were taken by the company, such as due care and foresight would suggest, to guard against the perpetration of such frauds. The court further held that while, by delivering a message, a telegraph company represents to the addressee that the message was received by the company, at the place from which it purports to come, from him who appears to be the sender and was transmitted by the company over its wires to the place of delivery, such representation does not amount to an absolute warranty of the authenticity of the message, so as to render the company liable, even though free from negligence, for loss occasioned an addressee by the tapping of a wire and the sending of a forged message, but the ground of liability in such cases is negligence.

2. *Pacific Postal Tel. Cable Co. v. Bank of Palo Alto*, 109, Fed., 369 (affirming 103, Fed., 841). In this case a telegraph operator himself forged a message by one bank to another, ordering the payment of money and the U. S. Circuit Court of Appeals in California held that the act of the operator in sending the false message, although criminal and unauthorized by the company, was within the apparent scope of his employment and therefore bound the company. His act was also a violation of duty which the company owed the public and third persons to transmit only genuine messages. It will be observed that in this case there was a specific ground of liability, namely, responsibility of the company for the act of its agent and that the court, in addition, recognized the duty which a telegraph company owes to the general public to transmit only genuine messages.

3. *Wells v. Western Union Tel. Co.*, 123, N. W.

271. Decided by the Supreme Court of Iowa in 1909. In this case one Barnes had bought cattle at Britt, Iowa, and had tendered a check upon the Bank of Denison for the amount. The seller, however, refused to surrender the cattle without guaranty that the check would be paid, and it was agreed that Barnes should have the Bank of Denison transmit such a guaranty by telegraph to be sent to the Bank of Britt. Barnes went to Denison and dictated to the telegraph operator the following: "March 14, 1902. To the Commercial Bank, Britt, Iowa. We will honor Barnes' draft for eighty-nine hundred and seventy-two (sg.) Bank of Denison." The telegraph operator signed the name of the Bank of Denison at the dictation of Barnes, making no inquiry of the bank and sent the dictated message, in pursuance of which the cattle was released to Barnes. It was contended that the telegraph operator knew, or in the exercise of ordinary care or prudence, should have known that the message was false and forged, that Barnes was unauthorized by the Bank of Denison to send it and that it was sent with intent to defraud the addressee or some person who would be justified in relying thereon. The company was held liable in damages for negligently transmitting such forged telegram.

In the case you now present, a forged and fraudulent message was sent in the name of the Blank National Bank, requesting your bank to pay John Jones \$75, waiving identification, and on faith thereof your bank, as I infer, paid the money to a person representing himself as John Jones. No such message was sent or authorized by the Blank National Bank or by any other bank, but no facts are stated as to circumstances surrounding the receipt and transmission of such message or what, if any, inquiry, the receiving agent made as to the authority of the person sending the message in the name of the Blank National Bank. Until these facts are ascertained the question whether or not the telegraph company is liable cannot be answered with certainty. But from the facts as stated there is a probability that there was negligence in the receipt and transmission of this message which would render the company liable. It would be a dangerous thing if a telegraph agent could, without involving his company in liability, receive a message from any person, signed in the name of a bank addressed to another bank, ordering the payment of money, without inquiry or investigation as to the authority of the person delivering the message. The courts hold that there is a duty of the telegraph company to exercise reasonable care in this regard, and if there was negligence in the receipt and transmission of this message, the company would be liable to the bank to whom it was delivered for damages caused by reliance thereon.

#### STANDARD SILVER DOLLARS.

##### Are legal tender for any amount.

From South Dakota.—Will you please advise me to what amount United States Silver dollars can be paid as a legal tender?

There is some dispute here between the bankers, and we have decided to leave it to you.

I have tried to look up the information, but have been unable to find it or would not have troubled you with this question.

Standard silver dollars are a legal tender for any amount. By act of February 28, 1878, the standard silver dollar and all silver dollars of like weight and fineness previously issued are made a legal tender, at their nominal value, for all debts and dues, public and private, except where otherwise expressly stipulated in the contract and except in payment of gold certificates of deposit issued under the provision of Rev. Stat., sec. 254.

#### BANK'S RIGHT TO CLOSE ACCOUNT.

**Bank, unlike common carrier, has power to select its customers and may refuse to receive deposit of a particular customer or close an account at any time by tendering the amount due.**

From Alabama.—A customer recently called at the bank and opened a small checking account with us, and after their departure from the bank we were advised by one of the city detectives that the man who had recently opened the account was a professional forger. We closed the account without delay, but some doubt had arisen in our mind as to the bank's right to refuse to handle an account, in the event the balance is satisfactory, and we have no grounds other than past bad conduct of the customer to justify us in refusing to handle the business. Thanking you for rendering us an opinion on this.

A bank, unlike a common carrier, is not obliged to take the business of all who offer it. A bank may select its customers and may decline to receive the deposit of any person it chooses. *Thatcher v. Bank*, 5 Sand. (N. Y.), 121; *People v. Bank of North America*, 75, N. Y., 547, 563; and the bank may close an account at any time by tendering the amount due and declining to receive more. *Chicago Marine and Fire Ins. Co. v. Stanford*, 28, Ill., 168.

#### INDEMNITY BOND BY NATIONAL BANK.

**Where directors of national bank authorize execution of bond of indemnity to obtain duplicates for stolen stock collateral held by bank as security, opinion that execution of bond probably within power of bank, and even if ultra vires directors would not be personally liable.**

From West Virginia.—Following out your opinion of December 22, 1911 (published in *Journal* January, 1912, p. 425), reliability for loss of stock certificates held as collateral, through robbery of bank, would ask:

If this bank became surety upon an indemnity bond to enable the owner to have stock certificates issued in place of those stolen and it was ultra vires,

would the directors of this bank become personally liable for exceeding the powers of the bank act? Also, if the bank became the principal on a bond for a like purpose would our directors who authorized the execution of such bond be personally liable if it was ultra vires for the bank to so become a principal? Our board has authorized the execution of such bonds but before so doing our directors would like to know whether they are personally liable for so authorizing the execution of the bonds.

The opinion referred to involved the question of liability of a pledgee national bank to the owner where stock collateral had been stolen and one of the questions discussed was whether, assuming the bank was under no liability to the owner to aid in obtaining duplicates, the special interest of the bank as pledgee would be sufficient to make it lawful for the bank to become surety on an indemnity bond required for the issue of duplicate certificates. The question now asked is, in the event the directors authorize the execution of such a bond by the bank, either as principal or surety, and the giving of such bond should be held ultra vires, would the directors incur any personal liability by reason of such authorization.

I think not. Each director of a national bank is under oath (Rev. Stat., sec. 5147) to diligently and honestly administer the affairs of the Association and not knowingly violate or willingly permit to be violated any of the provisions of the National Bank Act, and he can be held personally liable in damages (sec. 5239) for loss resulting from any such violation.

I am of opinion that authorizing the execution of a bond of indemnity by the bank either as principal or surety in order that duplicates for stolen collateral may be obtained and lodged with the bank as security, would not, even if subsequently held ultra vires, be such a violation of the law as would make the directors personally liable. This is not a case of violating a positive provision or prohibition of the act such as would be, for example, the authorizing of an excessive loan to a single borrower, but it is an act, as I understand, honestly done in the interest of the bank in the belief, which, however, may be a mistaken one, that the bank has power to execute such bond. It is not a case where the bank is becoming surety or guarantor of the obligation of another in a transaction in which it has no interest, which would be clearly ultra vires, but is one where the bank is itself interested in the security and the giving of the bond is in aid of that interest. Quite likely it would be held in such a case that the giving of the bond was within the power of the bank, and even if it was not, the authorization of the bond by the directors would be an honest act in the exercise of a sound discretion for which they would not be personally liable. Furthermore, should the act of the bank in giving the bond be held ultra vires, there would in all probability be no liability thereunder on the part of the bank and therefore no damage for which the directors would be answerable in any event.



# PROTECTIVE DEPARTMENT



L.W. GAMMON

MANAGER

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

CALIFORNIA, LOS ANGELES.—Walter P. Story Building.  
 CALIFORNIA, SAN FRANCISCO.—First National Bank Building.  
 GEORGIA, ATLANTA.—606 Empire Life Building.  
 ILLINOIS, CHICAGO.—First National Bank Building.  
 LOUISIANA, NEW ORLEANS.—Whitney Central Building.  
 MASSACHUSETTS, BOSTON.—201 Devonshire Street.  
 MINNESOTA, MINNEAPOLIS.—McKnight Building.  
 MISSOURI, KANSAS CITY.—Midland Building.  
 MISSOURI, ST. LOUIS.—Frisco Building.  
 NEW YORK, NEW YORK CITY.—21 Park Row.  
 OHIO, CLEVELAND.—44 Rocketfeller Building.  
 OREGON, PORTLAND.—Board of Trade Building.  
 PENNSYLVANIA, PHILADELPHIA.—Real Estate Trust Building.  
 PENNSYLVANIA, PITTSBURGH.—Commonwealth Building.  
 TEXAS, HOUSTON.—Union National Bank Building.  
 WASHINGTON, SEATTLE.—308 Hineckley Block.

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

ARKANSAS, LITTLE ROCK.—W. L. Vick, 325 West Markham St.

COLORADO, DENVER.—Leonard De Lue Detective Agency, Gas Building.  
 IOWA, DES MOINES.—The Gust. J. Patek Detective Agency, 515 Mulberry Street.  
 IOWA, SIOUX CITY.—The W. C. Davenport Detective Agency, Iowa Building.  
 LOUISIANA, SHREVEPORT.—T. D. Price, City Hall.  
 MICHIGAN, DETROIT.—The E. & M. Secret Service Co., Harvey Block.  
 OHIO, CINCINNATI.—Furlong Secret Service Co., Lyric Theatre Building.  
 OKLAHOMA, OKLAHOMA CITY.—Frank L. Staton, 230 American Bank Bldg.  
 PENNSYLVANIA, HARRISBURG.—T. G. George, 9 North Market Square.  
 VIRGINIA, RICHMOND.—Louis B. Hatke, American National Bank Bldg.

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

ENGLAND, LONDON.—Arrow's Detective Agency, 80 Chancery Lane.  
 FRANCE, PARIS.—Ca'chas & Debisschop, 15-17 Rue Auber.

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

### WANTED



W. T. HOWARD.

W. T. Howard, alias Hadley, alias Baldwin, whose photo is given above, has been arrested by the authorities at Denver, Colo. Members having information regarding this criminal's operations are asked to communicate with our detective agents. Age, 22; height, 5 feet 9½ inches; weight, 145; build, slender; hair, black; eyes, hazel; complexion, sallow; occupation, salesman.

A party using the name of J. L. O'Connell is operating in the Central States, using forged checks in buying goods. He is described as about 5 feet 3 inches, dark complexion, very sallow, clean shaven, slight build, wore a brown overcoat and black derby hat.



CHAS. E. FOWLER.

Party described as using names of H. C. Byers, E. W. Flanders, etc., as described on page 622 of April Journal, has been identified as E. E. Fowler, and his photograph is reproduced herewith. He should be arrested at sight, and the nearest office of our detective agents notified to have warrant forwarded. He has been twice convicted, and each time paroled, for similar crimes. His description is as follows: Age, 35 years; height, 5 feet 9 inches; weight, 165 pounds; complexion, dark; features, pronounced. eyes, dark. He is well educated and a very good talker.—A. B. A. Journal, April, 1912, 622.

J. C. Hartley, described as 35 years old, 5 feet 8 inches in height, weight 160 pounds, dark complexion, claiming to represent the Knoxville Foundry & Machine Co., of Knoxville, Tenn., is issuing worthless checks purporting to be signed by the above concern by T. H. Ulmer, Treasurer. Several firms and

(Continued on Page 692)



SECOND ANNUAL BANQUET  
OF THE  
TRUST COMPANIES OF THE  
UNITED STATES  
MEMBERS OF THE TRUST COMPANIES SECTION  
AMERICAN BANKERS ASSN. MAR 18, 1912  
WALDOY HALL, N.Y.

SECOND ANNUAL SUBSCRIPTION BANQUET OF THE TRUST COMPANIES OF THE UNITED STATES, MEMBERS



MEMBERS OF THE TRUST COMPANY

SECTION AMERICAN BANKERS ASSOCIATION, MAY 9, 1912.

(Continued from page 689).

individuals have lost at this criminal's hands. He has been covering the Southern States recently.

A party giving name of James Burford defrauded a bank (M) at Fort Smith, Ark., by use of a telegram. He is supposed to be a telegraph operator, and is described:

Age, about 28 years; height, 5 feet; weight, 135 pounds; slender build and complexion, yellow, blue eyes; hair, dark brown; smooth face; sharp features; consumption; wore dark suit, black derby hat.

Charles Bush is wanted for a forgery committed against a bank (M) in Phoenix, Ariz. He is a German, about 33 years of age, 5 feet 9 inches tall, and weight 160 pounds. Has light hair and blue eyes, the left eye glazed noticeably. Speaks English, German and Mexican fluently.

Sam Lumblock, alias J. C. Fischer, is being sought in connection with forgeries against several banks (M's) in Los Angeles, Cal. He may seek a position in a garage. He is described as follows: 27 years; 5 feet 9 inches; 145 pounds; dark hair; olive complexion; neat dresser.

S. A. Beadle is wanted on a charge of forgery against a bank (M) in Los Angeles, Cal. He represents himself as traveling for the Western Sales Co. or a check-protecting machine, and has defrauded many of his friends with fraudulent checks. He came originally from Brooklyn and has been employed there and in New York. Is described as follows: Age, 37 years; height, 5 feet 7 inches; weight, 155 pounds; light brown hair, a little gray; smooth shaven; round, full face; light complexion; drinks and smokes cigarettes. When last seen was wearing dark brown suit, brown fedora hat and double watch chain.

G. Williams, alias Clark, is wanted for issuing worthless checks against a bank (M) in Los Angeles, Cal. He is described as follows:

Age, 30 years; height, 5 feet 10 inches; weight, 160 pounds; hair, dark; beard, smooth shaven; dress, when last seen wearing blue serge suit.

A. Y. Wilson presents a bogus bill of lading draft to a bank (M) in Los Angeles, Cal., bearing the signature given below. Described as 38 years of age, height 5 feet 10 inches, weight 145 pounds, smooth thin face; black suit, derby hat.

*A. Y. Wilson 72214*

Harry E. Johnson, alias Carl A. Boswick, alias C. H. Boswell, whose photograph appears in the November (1911) Journal, page 312, is again working along his old lines, having recently defrauded a bank (M) in Oakland, Cal. His description is as follows: Age, 40 years; height, 5 feet 9 inches; 165 to 170 pounds; medium complexion; dark hair; smooth shaven, but may wear small dark mustache; neat dresser. Claims to be a Mason, Elk and a Knight of Pythias, and may wear a Mystic Shriner's button, a Masonic watch charm and a large elk tooth, or a large gold watch charm which opens and displays all kinds of degree work.

Arthur S. Swan, Visalia, Cal., is wanted for drawing worthless drafts against the Equitable Savings Co. His description is as follows: Age, 28 years; height, 5 feet 6 inches; weight, 160 pounds; dark brown hair; dark brown eyes; olive complexion; mole on right cheek; dresses neatly and walks erect.

A party representing himself as a duly authorized representative of a Rome (Ga.) insurance company is cashing worthless forged checks on the check forms of the Bank of Bay Biscayne, Miami, Fla. Louis Oerd, the offender, is around 35 years of age, 5 feet 10 inches tall, weighs 150 pounds, inclined to be heavy set, slightly dark complexion. He is wanted in connection with a crime against a bank (M) at Nashville, Tenn.



ELMORE D. WEBSTER.

Elmore D. Webster is wanted in connection with a swindle against a bank (M) in Chicago, Ill. Opens an account, then gives a mortgage on an automobile not his property. He is described as follows: 35 years of age, 5 feet 8½ inches tall, weighs 165 pounds, dark brown eyes. Gives his business as an automobile salesman. His photograph is published herewith.

Robert Gilbert, alias Clarence W. Woodson, who pleaded guilty at his preliminary hearing to an attempt to defraud a bank (M) at Medora, Ill., and was committed to the jail at Carlinville, Ill., broke jail April 11, 1912. He will probably begin to operate against banks again shortly. He is described as follows:

Twenty-four years of age; height, 5 feet 8 inches weight, 138 pounds; slender build; dark hair; bald on top of head; brown eyes and fair complexion; hat size, 6¾; shoes, 7. Wore blue serge suit and soft felt hat.

*Robert Gilbert*

E. Salyard, alias E. Southern, is wanted by both the American Bankers Association and the Iowa Bankers' Association in connection with his operation against a bank (M) in Des Moines, Iowa. He is described as follows:

Height, 5 feet 8 inches; weight, 160 pounds; hair, very light blond; eyes, light slate; complexion, light. Wore a blue serge suit, the vest white piped, a long dark brown overcoat and black derby hat. Good talker, and has advertising schemes to launch. May seek employment in clothing establishment.





EDWARD A. PAGE.

The above is a likeness of Maurice C. Goldberg, alias Edward A. Page, alias Charles Terry, alias Carroll. He is wanted in connection with forgeries against a bank (M) at Peoria, Ill.

Loss Gugerty, alias W. D. Hatfield, is wanted in connection with a mortgage swindle against a bank (M) at Medicine Lodge, Kan., his crime having been forging his wife's name to a mortgage of all the live stock, etc., on her farm. He is described as follows:

Forty-three years old; 6 feet high; weight, 155 pounds; slightly stooped; complexion, light; slim face; humped, Roman nose; blue eyes; slightly gray; smooth shaven; beard would be gray if allowed to grow; scar on his right middle finger on inner side from first joint back of nail to end. Wearing a blue serge suit, small inlaid stripes; black stiff hat.

A party giving his name as W. H. Black is forging checks for small amounts against bank members in Kansas. He claims to be a railroad man; very dark complexion; square shoulders; dark hair; wore black clothes and hat.

*W. H. Black.*

C. E. Kirk is described as 40 years of age, height about 5 feet 7 inches, black hair, hair inclined to curl, slightly gray, smooth face and sharp features; black eyes; wearing dark clothes and derby. He is drawing worthless checks on the check forms of the Southern National Bank Louisville, Ky. As a rule, they purport to be drawn by Paulina Kirk Adne, his widowed mother, and they are generally payable to C. E. Kirk, who at the time of operating against a bank (M) at Danville, Ky., entered the law department of a local university, besides making various merchants his victims. Upon receipt of wire, our detective agents will arrange to forward warrant for this operator's arrest.

Sam R. Gough, a native of Baltimore, Md., is wanted on a charge of forgery preferred by a bank (M) at Catonsville, Md. Has served a term of three years in St. Mary's Industrial School. Has for several years been considered worthless. Described as 27 years; height, 5 feet 7 inches; weight, 140 pounds; light complexion, brown eyes, auburn hair. Stutters in speech. Limp in left leg. Has anchor tattooed on arm. Journal, July, 1911, page 32.

Herbert T. E. Phinney, formerly an insurance solicitor, is wanted in connection with a forgery against a bank (M) in Waltham, Mass., and as a worthless check operator. His description is as follows: Age, 28-30; 6 feet tall; weight, 150 pounds; sallow complexion; smooth shaven; dark eyes and hair; fingers stained by cigarettes.



O. J. HERRICK.

O. J. Herrick, for whom a warrant has been issued, is charged with forgery by a bank (M) at Montevideo, Minn. His photograph is reprinted above, and he is described as follows: About 6 feet high; weight, 180; age, between 25 and 28; dark hair, parted in middle; eyes, light brown; complexion, medium or sallow, slightly pit-marked; large dimple on point of chin; wore blue serge coat and trousers, gray shirt, large gray hat or blue serge cap, and carried a 38-40 Colt's New Service revolver on belt.

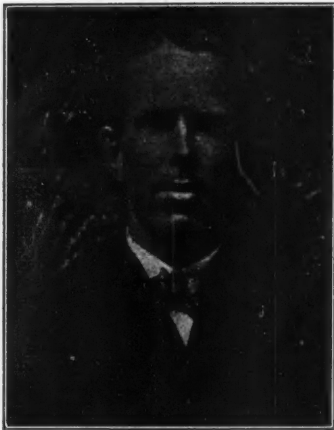
Mearl A. Cook, aged 18 years, height 5 feet, weight 155 pounds, dark brown hair, is issuing worthless checks of small amounts in Kansas. A bank (M) in Kansas City, Mo., finds that he is of good family, but is himself worthless.

Luther C. Boyd, alias A. R. Harris, is wanted in connection with a forgery against a bank (M) at Lenox, Mo. If he is located, wire the nearest office of our detective agents.

Banking institutions are warned against a party using the name of F. F. Allen, who attempted a fraud against a bank (M) of St. Louis, Mo. His mode of operation is to deposit a small amount of cash as a savings account and later deposit a worthless check, hoping to realize on the same. While these criminals seldom succeed in defrauding the institution, they obtain the books and bank forms, which are used in other operations. The number of the bank book used in this case is 30139. It is 3-1.2 x 5-3.4 in size, bound in yellow cloth.

Joe Downing is wanted in connection with a cattle mortgage swindle against a bank (M) at Rushville, Neb. He is traveling with his wife and child. Downing is described as age 32, 5 feet 11½ inches, weight 200 pounds, red complexion, black hair, dark eyes. A typical Westerner. Generally wears light hat and boots.

T. W. Toams, so called, is described as follows: 35 years, 5 feet 11 inches, 145 pounds, very slender build, medium complexion, brown or gray eyes, short brown moustache, sometimes dresses in overalls and jumper, and looks the part of a farmhand. Is wanted for forgery, having operated against a bank (M) at Carrizozo, N. Mex.



E. R. ANDRUS.

E. R. Andrus is under indictment for grand larceny, having obtained money on forged notes from a bank (M) at Corning, N. Y. His occupation is that of a railroad fireman and his description is as follows: Age, 37 years; height, 6 feet 2 inches; weight, 170 pounds, shoulders, stooping; hair, red; complexion, sandy; eyes, blue. His photograph is reproduced, and our detective agents will have a warrant forwarded upon request.

*E. R. Andrus*

At the time of the burglary of the Gainesville National Bank, Gainesville, N. Y., eight hundred dollars in unsigned national bank notes, bearing numbers 685 to 700, inclusive, were stolen. Should any of these notes be presented to any member of the Association, they should at once notify the nearest office of our detective agents.

George Wilson, who has been issuing worthless checks against several banks (M's) in New York City, should be arrested at sight. Our detective agents will forward warrant.

*Geo. Wilson*

Our detective agents hold a warrant for the arrest of one Jack Armstrong on the charge of forgery, preferred by a bank (M) at Bowman, N. D. Armstrong is described as age 30 years, height 5 feet 5 inches, weight 140 pounds, smooth face, blue eyes, sharp features, light brown hair.

*Jack Armstrong*

A young woman giving the name of Mildred Carver, described as about 17 years, height 5 feet 4 inches, complexion dark, with dark hair and brown eyes, of medium build, defrauded a bank (M) at Cleveland, Ohio, by means of a forged check. The check presented was worthless, but bore what purported to be the endorsement of a customer of the institution.

A person using the name of J. H. Rucker is drawing worthless checks on a check form of the Meyers-Rucker Specialty Co., advertising agents. These checks are drawn on a mythical Merchants & Mechanics Bank of Milton, Ohio. Members who may have this man's description are asked to send same to our detective agents.

A warrant is out for Walter Scott, colored, described as follows: 25 years of age, height 5 feet 8 inches, weight 160 pounds, brown hair, good build, face broad, rather slow speech, wanted in connection with a fraud against a bank (M) in Springfield, Ohio.

A. Spangle is wanted in connection with the selling of mortgaged property. After his arrest he was trusted with enough liberty to transact his business and escaped. A bank (M) at Nowata, Okla., is interested in his capture.

H. C. Self is sought in connection with forgeries against a bank (M) at Vale, Ore. The checks purport to bear the signature of a former employer, and are good forgeries. His description is as follows:

Twenty-five years of age; height, 6 feet; weight, 180 pounds; dark hair and eyes; beard, smooth shaven; complexion, dark; right eye usually closed (has been shot with arrow on right side of nose, affecting his eye); has a Southern brogue in speech.

Members are warned not to cash checks for Norman W. Hicks, drawn on the Franklin Trust Co. of Philadelphia. These checks are in voucher form, lithographed under the name of the Knights of Modern Chivalry, and countersigned by three different people. He is said to be 35 years of age, 5 feet 9 inches tall, weight 170 pounds, dark complexion, full face, smooth shaven. Dressed in dark clothes; wears a Masonic pin. A warrant is out for his arrest.

A party using the name of Elmer Flick, a ball player with the Cleveland American League club, claiming to have met with an accident to his right foot and recently out of Allegheny General Hospital, recently defrauded a Pittsburg bank (M), and is wanted in that city. This party claims to own several race horses. His description is as follows: Age, 34; height, 5 feet 10 to 11 inches; weight, 145 to 150 pounds; good build; medium complexion; blue eyes; hair, light brown; smooth face; dark blue or black suit; black soft hat; lavender tie and soft shirt.

George Daly, who passed a worthless check on a bank (M) at Dupree, S. D., presuming on his friendship with an official of the bank, who has had a warrant issued for his arrest. He is described as follows: Age, 42 years; height, 5 feet 9 inches; weight, 190; black mustache, dark complexion, black hair; a heavy drinker.

*Geo Daly*

Banks are warned to be on the lookout for G. Horst, a forged check swindler, formerly connected with a soap manufacturing company, whose checks he is using. He is a German, description as follows:

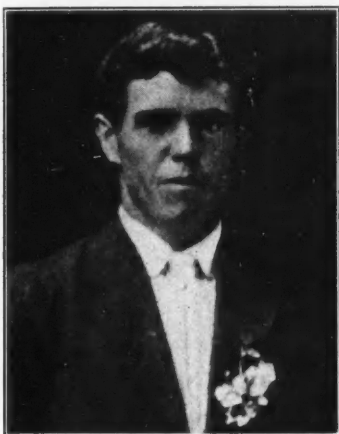
Age, 58 years; height, 5 feet 8 inches; weight, about 185 pounds; hair, black, streaked with gray; black mustache, streaked with gray; complexion, florid. Wore a black suit and derby hat.

Operated against a bank (M) at Menasha, Wis.

Grace D. Ball is wanted in connection with fraud against a merchant in Milwaukee, Wis., where she was able upon identification to pass a worthless check. She is described as follows:

Age, 40; height, not over 5 feet 5 inches; hair, black, slightly gray around the temples; eyes, gray, very large; build, slight; teeth, good, rather prominently displayed when talking.

**ARRESTED.**



**CHAS. CARTER.**

Charles Carter, whose photograph is reproduced, is under arrest in Stone County, Arkansas, charged with having raised a check before presenting same to a bank (M) at Little Rock, Ark. The check was drawn on another bank (M) at Batesville, Ark.

His description is as follows:

About 22 years of age; build, heavy set; height, 5 feet 6 inches; weight, 170 pounds; dark hair; dark, heavy eyebrows; red face.

The Arkansas Bankers' Association had sent out a warning circular regarding this party's operation.

Our detective agents have succeeded in connecting up C. J. Nelson, alias G. A. Work, alias A. J. Gal-laway, alias C. H. Reed, etc., arrested and taken to Pine Bluff, Ark., April 18, 1912, with several crimes, and such warrants as now exist, together with the desire of the Iowa Bankers' Association to deal with the criminal, will probably keep him under confinement for some time to come. He is addicted to the morphine habit, and is not expected to live to face many charges.

W. C. Meek and J. L. Knowles, who were arrested by our detective agents at Hayden, Ariz., February 28, 1912, and who made a full confession regarding their forgeries against a bank (M) at Phoenix, Ariz., have pleaded guilty of using the mails to defraud, and have each received a sentence of six months in County Jail and one hundred dollars fine. Both were bound over to the Grand Jurv for forgery charge.

The California Bankers Association and the Pro-protective Committee are interested in the apprehension of Claude Switze, who was arrested by our detective agents, charged with entering forged checks against the account of a depositor of a bank (M) at Los Angeles, Cal. His operations have been verified by a complete confession. The investigation was made for the California Bankers' Association and this Associa-tion.

F. A. Mullen, who defrauded bank (M) at Atlanta, Ga., described in April Journal, page 623, second ar-ticle, has been arrested in Indianapolis. Congrega-tions have waited in vain for this crook as Brother Alexander to preach while he was engaged in cash-ing, opening bank accounts with worthless checks, sometimes gaining some cash, and then leaving for the next scene of operation.

Carlton Warren and Tom Bush, arrested on charge of burglary on complaint of bank (M) at Chauncey, Ga., as soon as discharged on the burglary charge

were immediately rearrested on warrants based on cheating and swindling check transactions against a depositor of the bank.



**CHARLES PARKER.**

Charles Parker, wanted on a charge of forgery in connection with a bank (M) in Los Angeles, Cal., was arrested April 8, 1912, in a St. Louis hotel, at the request of our detective agents, by City De-tectives Office. Parker is described as follows: Age, 45; height, 5 feet 8 inches; weight, 180 pounds; stout built; brown hair; smooth shaven; full face; receding chin; occupation, stationery salesman. At the time of his arrest Parker made a statement implicating one John Hune Francis as the actual drawer of the checks which he (Parker) cashed. Francis was recently ar-rested in Pittsburg on a minor charge, but imme-diately released, before his interest in this matter was known. He is described as follows: About 65 years of age; 6 feet tall; weight, 150 pounds; slender built; blue eyes; fair skin; gray hair; smooth shaven; upper front teeth and back filled with gold; slouchy dresser; usually wears soiled linen; wears Mason pin and claims to be a 32d degree Mason. When last seen he wore a dark suit of clothes with light stripes, black stiff hat, no watch or other jewelry, and is described as resembling picture of George Washington. Claims to be starting bank papers, citing the Bank Official, published at Chicago, as an example of his un-der takings. The investigation was made for the Cali-fornia Bankers' Association and this Association.

Morris Cohen was arrested in Philadelphia on April 15, 1912, in connection with defrauding a bank (M) at Chicago, Ill. He has been returned to Chicago for trial.

T. L. Huston, wanted in connection with large swindle against a Chicago, Ill., bank (M), was arrested at Cincinnati, Ohio. James E. Keenan, whose career our detective agents are endeavoring to bring to light, is credited with belonging to the same outfit of opera-tors. Undoubtedly ramifications of their work will lead to several of the larger cities in the Middle West.

Mercedez Diaz, alias Jose Diaz, alias Jose De Dias, a Cuban, was arrested by the Los Angeles authorities, charged with a series of forgeries. He will be returned to Kokomo, Ind., to face charges pre-ferred by a bank (M) in that city.

Clyde Johnson has been arrested on a charge of forgery preferred by a bank (M) at Ottawa, Kan. Johnson is described as follows: Age, 19 years; weight, 125 pounds; height, 5 feet 5 inches; brown hair; complexion, light; smooth face; one false tooth

on left upper side, front. Was wearing a brownish-gray suit, white duck hat or brown soft hat, tan button shoes. He was taken from a train en route to the Coast, thus ending a criminal career near its beginning.

John S. Boggs was arrested by our detective agents at Shreveport, La., March 3, 1912, charged with forgeries against a local bank (M). Boggs confessed to mailing the forged checks to himself and then negotiating same.

E. E. West, whose operations were reported in October (1911) Journal, page 223; February, 1912, page 501, and who was arrested and was released, has been rearrested, March 28, 1912, on a Federal warrant charging use of the mails to defraud a bank (M) at Harrisonville, Mo. Bail was accepted in the sum of \$1,000.

His photograph appeared in the October (1911) Journal.

A. F. Lefebore, a confessed forger whose operations have considerably disturbed several banks (Ms) and individuals around New York City was taken into custody April 30, 1912.

Asher Brinson and Otis Broughton were arrested at the request of our Detective Agents, March 20, 1912, on complaint of a bank (M) at New Bern, N. C. They are both local parties.

Oliver H. Des Rochers, alias T. H. Mowbray, who has given one of our members in Ridgeway, Pa., considerable trouble, was arrested at Los Angeles, Cal., and is being returned to Cleveland, Ohio, to face a charge of forgery preferred by a hotel of that city.

*Oliver H. Des Rochers*

F. M. Remix, a foreigner, conducted a saloon at Kenmore, Ohio, with another man, whom he robbed, and after forging a check, raised another, defrauding a bank (M) at Akron, Ohio, and left for parts unknown. He was recently located in Detroit, Mich., by our detective agents, who caused his arrest and returned to Akron to face charges.

From time to time our attention is called to the use of the United States enlisting stations by amateur forgers who realize too late the seriousness of their crimes against the banking fraternity. A case in point is Aaron Schultz, who is being held by the Federal authorities pending his return to New York, where he is to face charges preferred by a member bank. Age 19, height 5 feet 6 inches, weight 135 pounds, broad shoulders, brown hair, smooth face, heavy brown suit, derby hat and low tan shoes. Was located April 29, 1912, at the League Island Navy Yard, Philadelphia, Pa., by our detective agents, who had him placed under arrest.

Dow Griffin, alias Dow Schoonover wanted for forgeries against a bank (M) in Parkersburg, W. Va., was arrested April 1, 1912, by our detective agents on a ranch at Corcoran, Cal., and awaits extradition. He was traced from West Virginia to Kansas, thence to Arizona, and from there to California.

His photograph appeared in the January (1912) Journal.

Elliot C. Smith should replace Theo. H. C. Carter, whose name was inserted twice in awaiting trial, April 1, 1912.

**REMOVED.**

George C. Briscoe, whose arrest at the hands of our detective agents was reported in April under date of March 29, 1912, for forgeries committed against a bank (M) at Fort Smith, Ark., was released by production of testimony that the forgeries were sanctioned. The investigation was made for the Arkansas Bankers' Association and this Association.

Stella Buck, a negress employed by the family of a depositor of a Rutherford (N. J.) bank (M), who found time to practice the signature of her mistress, and cashed several checks bearing her handiwork, was located by our detective agents, working with the New York and New Jersey authorities, and returned to face her accusers. April 26, 1912, she pleaded guilty and was sentenced to from one to seven years in State Prison.



LEOPOLD HAUSER.

Leopold Hauser, aliases Truitt, Hein and Hoffer, was arrested by our detective agents in San Francisco, Cal., and held on a charge of forgery on account of a bank (M) of that city. He has been allowed to plead guilty before the Supreme Court and was sentenced to undergo a four years' period of probation. The investigation was made for the California Bankers' Association and this Association.

L. M. Hunter, whose exploits have received considerable attention in Journals February and June, 1911, pages 474 and 743, respectively, was returned to Beaver Falls, Pa., from Lynchburg, Va., and given one year in the workhouse, upon his entering a plea of guilty to the charge of false pretense.

Geo. Klein or Kline, to whom attention was called in the Journal, March 1912, page 560, was convicted of obtaining money on false pretenses, but as it was learned that the man's wife received the entire proceeds of his wrongdoing, he was sentenced to 90 days and paroled in order that he might provide for his family by honest means.



J. B. KING.

Charles H. Thompson, alias Gilbert R. Jones, described in Journal, January, 1911, page 408; February, 1911, page 474; September, 1911, page 165; April, 1912, when arrested in Cleveland, Ohio, on a charge of swindling, was found to have in his possession blank checks of about fifty institutions. He has confessed to attempted frauds against a dozen banks. Thompson is now in custody of the authorities at Des Moines, Iowa, where he awaits trial on a local charge. Same was improperly included in statistics last month.

J. B. King, wanted in connection with frauds against banks (M's) in Jacksonville, Fla., and Nars, Pa., was arrested at Glenwood Springs, Colo., and is now in the County Jail awaiting trial in the District Court. When arrested, after giving worthless checks in payment for horses, there were found on his person all the evidences of prior frauds. He is described as six feet tall, rather spare built, hair almost blond, a trifle stoop shouldered, and rather deep voice.

AWAITING TRIAL, EXTRADITION OR SENTENCE, MAY 1, 1912.

ALLEGED FORGERS, BURGLARS AND HOLD-UP ROBBERS.

Feb. 14, 1912, Isaac A. Abrahams, arrested, forged bills of lading, Seymour, Wis.; admitted to bail; awaiting trial. Journal Mar. 1912, p. 567.

Feb. 9, 1912, J. C. Adams, arrested, swindler, Roswell, N. Mex.; awaiting trial. Journal Dec. 1911, p. 380.

April 18, 1911, Ernest Bernard, arrested, forgery, New York City; awaiting trial. Journal May 1911.

Jan. 25, 1912, J. F. Berry, arrested, swindler, Kansas City, Mo.; admitted to bail; awaiting trial. Journal Jan. 1912, p. 444.

July 11, 1911, C. C. Blasdell, arrested, swindle, Perry, Okla.; admitted to bail; awaiting trial.

Mar. 31, 1912, John S. Boggs, arrested, Shreveport, La., forgery; awaiting trial. Journal May 1912.

Apr. 6, 1912, Eug. C. Brokaw, rearrested, swindle, Chicago, Ill.; admitted to bail; awaiting trial.

Mar. 20, 1912, Asher Brinson, arrested, New Bern, N. C., forgery; admitted to bail; awaiting trial.

Mar. 20, 1912, Otis Broughton, arrested, New Bern, N. C., forgery; admitted to bail; awaiting trial.

Apr. 9, 1912, Tom Bush, arrested, Chauncey, Ga., swindle; awaiting trial. Journal May 1912.

Sept. 1, 1911, John C. Byland, arrested, forgery, Burlington, Ky.; awaiting trial. Journals Oct. 1910, p. 213; Sept. 1911, p. 163.

Feb. 13, 1912, Albert W. Cantor, surrendered himself, forgery, Kansas City, Mo.; awaits extradition. Journal Dec. 1911, p. 377.

Apr. 16, 1912, Charles Carter, arrested, Little Rock, Ark., check raising; awaiting trial. Journal May 1912.

Feb. 14, 1912, Theo. H. E. Carter, arrested, forgery, Boston, Mass.; awaiting trial.

Aug. 24, 1910, J. W. Casteel, arrested swindle, Muskogee, Okla.; awaiting trial. Journals Oct. 1910, p. 210; Feb. 1912, p. 497.

Oct., 1911, A. S. Cauble, arrested, forgery, Cairo, Ill.; awaiting trial. Journal June 1911, p. 740.

Feb. 5, 1912, Abraham Cohen arrested, larceny, Seymour, Wis.; admitted to bail; awaiting trial.

Apr. 15, 1912, Morris Cohen, arrested, Chicago, Ill.; awaiting trial. Journal Apr. 1912.

Mar. 15, 1912, Samuel Cohen, arrested, forgery, Boston, Mass.; awaits trial. Journal June 1910, p. 553.

Jan. 15, 1912, C. E. Cole, arrested, swindle, Atlanta, Ga.; awaiting trial. Journal Jan. 1912, p. 437.

Dec. 13, 1911, Richard Colston, arrested, swindle, East Orange, N. J.; awaiting trial. Journal Jan. 1912, p. 443.

May 3, 1910, Irving G. Crocker, arrested, forgery, Chicago, Ill.; awaiting trial. Journal May, 1910, p. 500.

Feb. 13, 1911, Ed. L. Deem, arrested, forgery, Parkersburg, W. Va.; awaiting trial. Journal Jan. 1912, p. 444.

Apr. 22, 1912, Oliver H. Des Rochers, arrested, Ridgeway, Pa., swindle; awaiting trial. Journal May 1912.

Mar. 22, 1912, Jas. Devine, arrested, forgery, New York City; awaiting trial. Journal Apr. 1912.

Mar. 25, 1912, Fred Deihl, arrested, forgery, Everett, Pa.; awaiting trial.

Apr. 24, 1912, Jose Diaz, arrested, Kokomo, Ind., forgery; awaiting extradition. Journal May 1912.

Mar. 13, 1912, Chester L. Errico, arrested, forgery, New York, N. Y.; awaits trial. Journal Jan. 1912, p. 442.

Mar. 27, 1912, John Gay, arrested, forgery, West Palm Beach, Fla.; awaits trial.

Aug. 9, 1911, Patrick Gallagher, arrested, forgery, Jersey City, N. J.; awaiting sentence. Journal Sept. 1911, p. 164.

Nov. 12, 1910, S. H. Gray, arrested, forgery, Athens, Tenn.; awaiting trial. Journal Dec. 1910, p. 347.

Apr. 1, 1912, Dow Griffin, arrested, Parkersburg, W. Va., forgery; awaiting extradition. Journal May 1912.

May 13, 1911, Warren Hank, arrested, attempted swindle, Wapakoneta, O.; awaiting trial. Journal June 1911, p. 741.

Mar. 27, 1912, Frank Hargett, arrested, forgery, Charlotte, N. C.; awaits trial. Journal May 1912.

Nov. 14, 1910, Ollie Hilliards, arrested, forgery, West Newton, Pa.; awaiting trial. Journal Dec. 1910, p. 347.

Apr. 24, 1912, J. L. Huston, Chicago, Ill., swindle; awaiting trial.

June 30, 1911, Chas. L. Johnson, arrested, swindle, Grand Rapids, Mich.; awaiting trial. Journals Aug. 1911, p. 100; July 1911, p. 38.

Apr. 17, 1912, Clyde Johnson, arrested, Ottawa, Kan., forgery; awaiting trial. Journal May 1912.

Dec. 14, 1911, J. A. Johnson, arrested, forgery, Cleveland, O.; awaiting second trial. Journal Jan. 1912, p. 445.

Aug. 17, 1910, Wm. J. Jones, arrested, swindle, Claremore, Okla.; awaiting trial. Journals Sept. 1910, p. 154; Nov. 1910, p. 266.

July 13, 1911, Max Kaplan, arrested, swindle, Brooklyn, N. Y.; awaiting trial. Journal Aug. 1911, p. 101.

Feb. 19, 1912, Jacob Katz, arrested, swindle, Chicago, Ill.; awaiting trial.

June 15, 1911, H. S. Kirkpatrick, arrested, forgery, West Point, Ga.; admitted to bail; awaiting trial. Journal July 1911, p. 37.

Jan. 10, 1912, E. Klein, arrested, forgery, Scranton, Pa.; awaiting trial. Journals Dec. 1911, p. 378; Jan. 1912, p. 442.

Feb. 29, 1912, T. L. Knowles, arrested, Phoenix, Ariz.; sentenced six months county jail and fine; bound over to Grand Jury on forgery charge. Journal May 1912.

Aug. 23, 1911, Albert M. Kutzkey, arrested, forgery, St. Johns, Ore.; awaiting trial. Journal Sept. 1911, p. 163.

Apr. 30, 1912, A. L. Lefebvre, arrested, New York, N. Y., forgery; awaiting examination.

Feb. 29, 1912, W. C. Meek, arrested, Phoenix, Ariz., forgery, bound over to Grand Jury on forgery charge; awaiting action of Grand Jury. Journal May 1912.

Feb. 23, 1912, P. H. Martyn, arrested, forgery, San Francisco, Cal.; awaiting trial. Journal Feb. 1912, p. 499.

Feb. 6, 1912, Chas. M. Meeker, arrested, swindle, Kansas City, Mo.; awaiting trial. Journal Mar. 1911, p. 526.

Feb. 15, 1912, Chas. Merz, arrested, swindle, San Antonio, Tex.; awaiting trial. Journal Feb. 1912, p. 498.

Sept. 7, 1911, H. H. Moody, arrested, forgery, Oklahoma City, Okla.; awaiting trial. Journal Oct. 1911, p. 227.

Jan. 6, 1912, Chas. S. Morton, arrested, swindle, Baltimore, Md.; awaiting trial. Journal Feb. 1912, p. 499.

Apr. 9, 1912, F. A. Mullen, arrested, Cincinnati, O., swindle; awaiting trial. Journals Apr. 1912, p. 623; May 1912.

Apr. 4, 1911, Wm. Nance, arrested, swindle, Bixby, Okla.; awaiting trial. Journal May 1911, p. 684.

Apr. 18, 1912, C. J. Nelson, arrested, Birmingham, Ala., forgery; awaiting trial. Journal Feb. 1912, p. 498.

Feb. 22, 1912, Edward C. Nelson, arrested, forgery, Brooklyn, N. Y.; awaiting trial. Journal Mar. 1912, p. 563.

Feb. 13, 1912, Chas. E. Nott, arrested, forgery, Boston, Mass.; awaiting trial. Journal Mar. 1912, p. 561.

Apr. 8, 1912, Charles Parker, arrested, Los Angeles, Cal., forgery; awaiting trial. Journal May 1912.

Aug. 12, 1912, R. L. Peoples, arrested, swindle, Birmingham, Ala.; awaiting trial. Journal Sept. 1910, p. 155.

Aug. 10, 1911, J. E. Posey, arrested, forgery, Aiken, S. C.; awaiting trial. Journal Sept., 1911, p. 163.

Mar. 30, 1912, Harry Posner, arrested, forgery, New York, N. Y.; awaits trial.

Oct. 24, 1911, Walter Purnell, arrested, forgery, Point Pleasant, N. J.; awaiting trial.

Feb. 14, 1912, Gabriel Retaliata, arrested, forgery, Baltimore, Md.; awaiting trial. Journal Mar. 1912, p. 569.

Apr. 6, 1912, F. M. Remix, Akron, O., forgery; indicted; awaiting trial. Journal May 1912.

Dec. 5, 1911, W. F. Richards, arrested, swindle, Tescott, Kan.; awaiting trial.

Feb. 9, 1912, Ralph W. Rosenau, arrested, forgery, Boston, Mass.; awaiting trial. Journal Mar. 1912, p. 563.

Apr. 29, 1912, Aaron Schultz, arrested, New York, N. Y.; awaiting extradition. Journal May, 1912.

Dec. 21, 1911, Vernon F. Shivers, arrested, forgery, Lake Providence, La.; awaiting trial.

Dec. 2, 1911, R. D. Simpson, arrested, forgery, Lewiston, Mont.; awaiting trial.

Nov. 11, 1911, P. R. Stock, arrested, forgery, Anaheim, Cal.; awaiting trial.

Mar. 22, 1912, Moe Suckno, arrested, larceny, New York, N. Y.; admitted to bail; awaits trial. Journal Apr. 1912.

Feb. 21, 1912, Wm. L. Sutton, arrested, swindle, Chicago, Ill.; awaiting trial.

Apr. 23, 1912, Claude Switzer, arrested, Los Angeles, Cal., forgery; awaiting trial. Journal May 1912.

Dec. 6, 1911, H. J. Taylor, arrested, swindle, Tescott, Kan.; awaiting trial.

Feb. 23, 1912, John Thompson, arrested, forgery, New York, N. Y.; awaiting trial. Journal Mar. 1912, p. 563.

Mar. 27, 1912, Joseph A. Ward, arrested, forgery, Boston, Mass.; awaits trial. Journal Apr. 1912.

Apr. 9, 1912, Carlton Warren, arrested, Chauncey, Ga., swindle; awaiting trial. Journal May 1912.

Oct. 24, 1911, F. Wehner, arrested, swindle, Ridgefield Park, N. J.; awaiting trial.

Feb. 17, 1912, Michael Weil, arrested, swindle, Chicago, Ill.; out on bail; awaiting trial.

Mar. 28, 1912, E. E. West, arrested, Harrisonville, Mo., fraudulent use of mail; admitted to bail; awaiting trial. Journals Oct. 1911, p. 223; Feb. 1912, p. 501.

May 19, 1911, Henry West, arrested, forgery, Yuma, Ariz.; awaiting trial. Journal July 1912, p. 37.

Mar. 25, 1912, Ed Wilson, arrested, conspiracy to defraud, Atlanta, Ga.; awaiting trial. Journal May 1912.

Oct. 6, 1911, D. E. Woods, arrested, swindle, Nowata, Okla.; admitted to bail; awaiting trial.

**Burglars.**

May 9, 1911, Frank Morris, arrested, attempted burglary, Layton, Utah; awaiting new trial. Journal July 1911, p. 36.

**Hold-Up Robbers.**

Feb. 22, 1912, Deb Clark, arrested, attempted hold-up, Centralla, Wash.; awaiting trial.

Aug. 11, 1911, Tom Hogan, arrested, attempted hold-up, Harlem, Mont.; awaiting trial. Journals Sept. 1911, p. 162; Dec. 1911, p. 350.

Oct. 16, 1911, Stanley Miller, arrested, attempted hold-up, Harlem, Mont.; awaiting sentence.

**Cases Disposed by Court Action.**

Apr. 6, 1912, George C. Briscoe, arrested, forgery charge; released. Journal May 1912.

Apr. 20, 1912, Stella Buck, arrested, Rutherford, N. J., forgery; sentenced to State Prison one to seven years. Journal May 1912.

Apr. 25, 1912, M. J. Degnan, Lorain, O.; sentenced indeterminate term Mansfield Reformatory. Journal Apr. 1912, p. 624.

Apr. 2, 1912, W. S. Edris, Lyden, Wash.; pleaded guilty to forgery; given one to fifteen years at Walla Walla Penitentiary. Journal Apr. 1912, p. 624.

Apr. 11, 1912, Morris Ephraim; released on technicality before indictment. Journal Apr. 1912, p. 625.

Apr. 22, 1912, Leopold Hauser, arrested, San Francisco, Cal., forgery; pleaded guilty; placed under probation period of four years. Journal May 1912.

Lee Hepler; charges at Hickory, Pa., have been "nolle prossed." Journals July 1911, p. 34; Sept. 1911, p. 165.

Apr. 27, 1912, L. M. Hunter, arrested, Beaver Falls, Pa., swindle; sentenced one year in workhouse. Journals Feb. 1911, p. 474; June 1911, p. 743.

Apr. 16, 1912, J. B. King, arrested, Glenwood Springs, Colo., swindle; sentenced not less than one year. Journal May 1912.

Apr. 13, 1912, G. Kline, convicted obtaining money on false pretense; sentenced 90 days and paroled. Journal Mar. 1912, p. 560.

Jan. 9, 1912, John J. Kelly, sentenced for forgery, San Francisco, Cal., to serve four years in San Quentin Prison. Journal Nov. 1911, p. 314.

Mar. 1, 1912, Julius Moe, who was returned from New York to Grand Forks, N. D., has pleaded guilty and received a sentence of two years and six months at Bismarck.

**STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.**

**AS REPORTED TO THE STANDING PROTECTIVE DEPARTMENT.**

**From September 1, 1911, to April 30, 1912.**

New York, N. Y., May 1, 1912.

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

	Awaiting trial, etc., Sept. 1, 1911.	Arrests from Sept. 1, 1911, to Feb. 29, 1912.	Arrests in April, 1912.	Total.	Convicted.	Discharged or Acquitted.	Escaped or Fugitives.	Insane, Suicide or Died.	Awaiting Trial, etc., May 1, 1912.
Forgers .....	69	116	26	142	87	35	3	2	34
Burglars .....	9	3	..	3	10	1	..	..	1
Hold-up Robbers ...	1	5	..	5	3	..	..	..	3
	79	124	26	150	100	36	3	2	88

**NEW RULES OF THE STANDING PROTECTIVE COMMITTEE.**

1. Upon receipt of notification by the General Secretary, Five Nassau Street, New York City, or the nearest office or correspondent of the William J. Burns National Detective Agency, Inc., of an attempted or successful perpetration of fraud or crime upon a member of this Association in its banking rooms, or in the rooms of such branches as are members, either by forgery, check-raising, worthless or bogus checks, swindle, sneak theft, robbery, hold-up, or burglary therein, the Committee will at once use its best efforts to apprehend the criminal. No action, however, will be taken unless immediate notice is given and a case once committed to the Association cannot be taken out of its hands nor the offense condoned or compromised.

2. In reporting cases the member agrees to swear out a warrant for the criminal concerned when his identity has been determined; or a John Doe warrant at once in states where permitted.

The Committee relentlessly pursues both amateur and professional criminals in cases of attempted or successful fraud or crime upon members of the Association but cannot take cognizance of such offenses where perpetrated upon other than members, or of so-called "inside jobs" where the offender is an officer or employee of a member.

The Committee relies upon the state, county or local authorities to arrange for the extradition and the payment of expense incident to the return of a prisoner. The Committee will not pay witness fees, and will not be responsible for any expense incurred for protective work, which has not been previously authorized.

*It is expected that every member will co-operate with the Committee by promptly reporting every offense coming under its notice, regardless of whether the operation is against the bank or one of its customers, as well as by using all reasonable efforts in assisting in the arrest and conviction of the offender. The information concerning any operation against a member's customers will be of value to us as a matter of record, for possible future guidance in our work.*

FRED. E. FARNSWORTH, General Secretary.

**SUPPLEMENT AND KEY TO TEST WORDS IN CIPHER CODE.**

**I**N August 1911, all members were supplied with a Supplement to our Cipher Code and a slip indicating a change in the key to the test words in the Code.

The envelopes containing the same were addressed from our Addressograph list of members. It is possible that in some cases these enclosures have been misplaced or were lost in the mails.


The Cipher Code of this Association is used very generally among our members, and it is suggested that, if a member happens to be without the Supplement and change in the key to the test words referred to, such member communicate with the office

of the General Secretary and duplicates will be furnished.


You are respectfully urged to make an investigation to see if you have in your possession this Supplement and Key, for you may at any time receive a telegram wherein the Code of this Association is used.

The Supplement is in dictionary words, and it may be used in place of pages 52 to 60 inclusive of the Code. It is recommended, however, that the Supplement be adopted as errors in the transmission of telegrams are less liable to occur through the use of dictionary words.

Your co-operation in this matter is earnestly requested.



# AMERICAN INSTITUTE OF BANKING BULLETIN



## POST GRADUATE WORK.

### Advanced Course of Study for Institute Certificate Holders.

THE Committee of Graduates recently appointed by President Raymond B. Cox for the purpose of arranging an advanced course of study for Institute certificate holders, met at the Hotel Astor in New York City, on March 31. This meeting was attended by Messrs. Rovensky, Evans, Nellson, Garrett, Havens and Broderick. President Cox and Educational Director Allen were also present. The question was very carefully considered and discussed. A general plan was agreed upon, the details of which are now being worked out. It is expected that the report of the Committee will be ready in time for insertion in the June Bulletin.

As the progressive chapters are already arranging for their next seasons activities, it is thought well at this time to make known, briefly, the general ideas which the Committee has in mind, in order that a place may be made for the advance course in educational programmes.

### General Plan.

It is probable that the Committee will recommend that a system of Post Graduate education be established to supplement the present established course. Such course shall consist of research in banking and finance, business administration and accounting. A suitable standard shall be fixed and maintained through the preparation of essays on subjects prescribed annually by a committee of graduates. The merits of the essays, thus submitted, shall be determined by a committee of six judges selected by the Institute Executive Council from prominent bankers and educators. Authors of essays approved under such provisions shall be known as "ASSOCIATES OF THE AMERICAN INSTITUTE OF BANKING."

Not more than twenty-five men shall be made "Associates" in any one year, and all members so chosen, **must** be holders of the Institute Certificate.

### Course.

Each year a definite course of study shall be prescribed by the Committee. Syllabus of each subject so selected shall be prepared for distribution.

## Chapter Forums.

The Committee are of the opinion that the best results are to be obtained from co-operative study. In small cities and towns where the certificate holders are few, members will, of course, have to rely upon the syllabus for direction and upon themselves for progress.

In larger cities where chapters exist, the Institute Certificate holders should organize "CHAPTER FORUMS" for the purpose of studying the prescribed course in common. Discussion and public speaking should be encouraged. Symposium on practical banking subjects should be held and in addition thereto special subjects of national and local importance should be considered from time to time.

### Subject for Year's Work.

In the choice of courses of study, the committee believes that the subjects should not be limited to technical topics of so-called practical value. The course or courses to be arranged are to be for the benefit of graduates residing in different sections of the country. The subjects should be national in scope and national in importance. It is time for the Institute to make its influence felt in helping to settle the vexatious financial problems.

The bankers, as a class, in the past have never fully appreciated their duty until confronted by a crisis. Each new departure in our monetary system has been due to an emergency and the leadership in the advocacy of remedial legislation is usually taken by economists or legislators. Why?

A new condition has arisen. The business men and bank depositors are beginning to ask questions. Evasive answers no longer satisfy. They ask, "What systems have we tried?" "What system have we?" "What are the faults of the present system?" "Is reform necessary?" "What system should we have?" They say we must know, because any change will affect our business. Are we prepared to answer these questions intelligently?

The reform of our "Currency System" is the most important problem of the day. It will be many years before the question is satisfactorily settled. Our graduates must and will do their share. With this in view, your committee feel that our first course should cover a systematic and analytical study of the fundamental "Banking and Currency Principles of the United States and Foreign Countries."



The first course will deal with the development of banking in the United States and abroad, giving particular attention to the conditions in this country and to proposed plans for monetary reform.

Banking will be traced in this country from the formation of the first bank. Particular attention will be given to the first United States bank; the second bank of the United States; their relation to business and politics; the history of state banking in this country; the independent treasury system; national finance at the beginning of the Civil War; origin and development of the national banking system, and the distinguishing features of the national and state banking systems at the present time.

Following this, a general study will be made of the banking systems of England, Germany, France, Canada, Scotland, etc. With a thorough knowledge of the principles of banking in these countries, and with a full idea of the faults and advantages of the various banking systems which we have used in this country, the members of the Institute will have an excellent basis upon which to study the present-day problems.

**Report.**

The report of the committee will give the plan in detail. The syllabus will subdivide the course. Topics will be analyzed. References will be given for collateral reading. A certain amount of work will be suggested for each month. Under each sub-topic disputed points will be suggested for discussion.

Suggestions will be made as to the organization and conduct of Chapter Forums. Here we expect the greatest good to be accomplished. Members will have the benefit of co-operative study and interchange of ideas. It is not intended to limit the activities to our advanced study course. Each forum will be free to undertake such other work as may be desired. For instance, will not this be the proper place for up-to-date transit experts, to discuss the troublesome "country check problem" and to consider improvements in clearing house methods; for "credit men" to meet, and discuss the difficulties they have had, and to advocate the freer exchange of credit information among bank men; for "bank auditors" to take up improvements in bank accounting and cost systems; for your bank officials to discuss banking and public problems with the members of the Forum?

Can you doubt the importance of symposiums on such important subjects, or the prestige which they are bound to bring to your chapter? Then, consider what the combined efforts of twenty-five such forums will accomplish.

We are in a progressive age. Our members are ever abreast of the times and always seeking to fit themselves for better times to come. Ten years ago there was a need for systematic education in banking. The Institute established courses and issued certificates to those who successfully passed its examination. Now it is necessary to go further. The new course will give to our five hundred graduates a new and broader field of activity, and opportunity of individual development, a definite aim in the acquirement of what is bound to be one of the most coveted titles in the banking world—ASSOCIATE OF THE AMERICAN INSTITUTE OF BANKING.

**A STUDY IN TRANSITS.**

**Should Transit Items Be Collected Through Clearing Houses or by Individual Arrangements between Banks?—How This Timely Question Was Debated by Cincinnati and Pittsburgh Chapters of the American Institute of Banking.**

THE collection of country checks or transit items is a subject that is engaging the attention of bankers generally throughout the nation. The Institute has devoted much of its time at conventions and before chapters to a thorough discussion of the problem and it may well be said that these occasions have had a direct influence on present-day thought looking to a solution of the difficulties involved. At no meeting thus far has there been more interest displayed than was shown by the attendance at the debate between representatives of Cincinnati and Pittsburgh Chapters on this timely question: "Resolved, That transit items should be collected through the Clearing House rather than by individual arrangements between banks."



1—GEO. RANKIN, Central National Bank, Wilk-  
 insburgh, Pa.  
 2—FRED. G. LANCASTER, Keystone National  
 Bank, Pittsburgh, Pa.  
 3—ALBERT T. EYLER, Union National Bank,  
 Pittsburgh, Pa.

Pittsburgh supported the affirmative and were successful in winning the decision of the judges. The Cincinnati team labored under the double disadvantage of having the unpopular side of the question to defend and on a strange floor. To their credit be it said that in spite of the fact that they were entirely new to public debates, they handled their subject with such considerable skill that it was not until the decision of the judges was handed in was there any degree of certainty as to which side had won. The value of such debates lies not in winning the decision, however, but in the education which is sure to follow a thorough research into the subject in preparation for the debate. Many more arguments are gathered than can possibly be used in a limited time so that further thought and judgment is developed in choosing the material.

Pittsburgh Chapter is to be congratulated on staging an event of such importance and the attendance attested the widespread interest. The local boys turned out en masse and loyally supported their

team, at the same time applauding their worthy opponents whenever a good point was scored. Not only did the bank officers turn out in good numbers but there were representatives present from Cleveland, New York and many of the towns in the immediate neighborhood. The full text of the direct presentation speeches follows. The student of transit problems is recommended to read the matter carefully and determine for himself the lines along which the most effective rebuttal might have been made to each side of the question. A further discussion is to be found in the Clearing House Section department of the Journal-Bulletin.

**George Rankin, Jr., for the Affirmative.**

The term "transit item," when used as a banking term, is universally understood to mean all instruments that pass for collection, drawn upon a bank in some city other than the one in which they are deposited for collection.

A "clearing house" is an institution maintained by an association of banks, acting under self-governing rules, for the purpose of facilitating concerted action among its members in adjusting accounts against each other with the greatest ease and at a minimum cost, and to strengthen the credit of all members by mutual watchfulness and assistance in times of stringency.

"Individual arrangements between banks" by



A

B

C

A—GEORGE SCHRAFFENBERGER, JR., German National Bank, Cincinnati, Ohio.

B—JOHN P. H. BREWSTER, President Cincinnati Chapter, German National Bank.

C—WM. C. BEISER, Western German Bank, Cincinnati, Ohio.

which transit items are collected under the present system may be illustrated by the following typical arrangement:

A city bank makes an agreement with an out-of-town bank to send its transit items, drawn upon all other banks in that vicinity, to it for collection, paying it a certain sum per hundred, with a fixed minimum fee.

When we contend that transit items should be collected through clearing houses, we understand it to mean that to collect them in this way is a better business policy than the other. It is not to be made compulsory upon any bank which wishes to collect its transit items any other way; but we maintain that as a matter of good business policy the clearing house

system is better than individual arrangements between banks. We say, then, that a bank should collect its transit items through the clearing house just as we say, "You should travel on the Pennsylvania Railroad."

We, of the affirmative, admit that many country bankers are opposed to the proposed plan because they are able to add considerable to their profits in the way of collection charges.

We further admit that the proposed system will not eliminate collection charges and thus reduce the cost to par; but we contend that it offers the best method which bankers have at their command, without resorting to government aid, to overcome most of the present unsatisfactory conditions pertaining to the collection of transit items. The system of collecting through the clearing houses may not be the ideal system, but, because we cannot have an ideal system, we should not refuse to make any improvement, when improvement is in our own power.

We have in the United States fifty reserve cities, chosen as such on account of their importance to our financial system and also on account of their geographical location, being easy of access by the numerous railroads centering in most of these cities.

We have a map here showing, roughly, the location of the three Central Reserve Cities—New York, Chicago and St. Louis—which are marked in red, and the forty-seven Secondary Reserve Cities, which are indicated by the marks in black.

The system which we advocate would make each of these cities a zone, or collection center, for the collection of transit items in its zone, the clearing house of each zone center acting as the collection agent for that zone. Transit items would be sent by the banks to their correspondent nearest the zone where they are payable, and by them to the clearing house of said zone for final collection.

All the added machinery needed would be the establishing of a transit item department in each clearing house; the expense of conducting such a department to be pro-rated among the banks receiving service according to the amount of business transacted.

We shall contend that the adoption of such a system, as briefly outlined, is practical, just and expedient.

The most natural question to arise in the mind of a cautious business man is: Is such a plan practical?

What does he have in mind when he asks that question? He wants to know whether the proposal is workable; can it be put into operation, and if it is adapted to the ends for which it is intended.

In solving such a problem, one ounce of practical experience is worth a carload of theory.

The best proof that anything will work is that it is working.

The system of collecting transit items as proposed by the affirmative has been put into practical operation in several banking districts of the United States.

The Boston system of collecting transit items through the clearing house was inaugurated in 1900, and has been in successful operation ever since.

The Boston Clearing House collects items on nearly all banks located in the New England States.

As to the practical results of the Boston system, permit me to quote from a letter written last Wednesday by Chas. A. Ruggles, manager of the Boston Clearing House, in which he states: "The introduction of what we term our foreign department, for the collection of checks in New England has worked a revolution in the transit department. It has reduced the cost of collection to 7 cents per thousand dollars; ninety-five per cent. of the collections are received within forty-eight hours. The system is entirely satisfactory as far as we can learn to both the city and the country banks."

The Atlanta system of collecting transit items through the clearing house was established in May, 1909, and is collecting transit items on Georgia, Florida, and Alabama. A letter written to me seven days ago by J. G. Lester, manager of the transit department of the Atlanta Clearing House says: "We have found that the plan works admirably. I have found that it paid on three grounds; first, in clerical expenses; second, in postage and stationery; and third by reason of consolidated business we get a cheaper rate of exchange. Then, too, our transit department having nothing else to look after, get more prompt returns and more satisfactory service."

The Kansas City system of collecting through the clearing house was installed during 1905, and collects from territory covering 682,810 square miles, which comprises this large Middle Western Section, including seven states—Colorado, Kansas, Missouri, New Mexico, Oklahoma, Texas and Southern Nebraska. This clearing house covers three and one-half times as much territory as the states of Pennsylvania, New York, Ohio and Illinois, combined, and has 5,600 banks in its district. As to the practical results attained by the Kansas City Clearing House, let me quote from a letter received by me last Thursday from Mr. J. Thralls, manager of the Kansas City Clearing House, in which he says: "The operation of our country clearing house has reduced the cost of handling cash items in the territory covered by that department, over 60 per cent. The average time required for returns has been reduced in parts of that territory, over 50 per cent. and in the whole territory a reduction of probably 25 per cent. We know from our own experience that the plan is a good one and will work satisfactorily in any city where there is sufficient volume of country business to justify the establishment of such a department."

Since the system of collecting transit items through the clearing house has been put into practical operation in three great centers where conditions are so diversified as Boston, the great manufacturing center of the East; Atlanta, the fruit and cotton center of the South; and Kansas City, the great agricultural center of the West, it can be put into practical operation in any section and should be commended by the bankers of this section as being practical for universal adoption.

The present method of collecting transit items is unsatisfactory, and therefore should be superseded by the proposed system, which we have shown you to be practical; practical without a doubt, because it has been tried and is working, and working successfully in Boston, Atlanta, Kansas City, and Nashville, and any system that is practical and is an im-

provement upon the present arrangement of collecting transit items, should be adopted.

#### George Schraffenberger for the Negative.

In order that you may fully appreciate the radical changes which must take place, should the clearing house plan be adopted, permit us to make a brief review of the existing method of collecting transits through the individual arrangement between banks; then refer to the conditions now existing in the very few cities which have adopted the clearing house plan, and to the conditions which will exist should this plan be adopted.

The present arrangement had its origin in the early days of modern banking and is the result of a gradual improvement coincident with the growth of banking. Business and banking conditions are adjusted to it. The charge cannot be made that business suffers as a result of the present arrangement.

Valuable reciprocal relations have been developed between banks. These would be destroyed under the clearing house plan.

The bank men who are here tonight are familiar with, and have high regard for the mutually advantageous relations existing between the banks of Pittsburgh and those of Cincinnati. I might say between the banks of Pennsylvania and Ohio. For example: The banks of these two great states practically collect transit items from each other without charge, either directly, through the town of the drawee bank in each state, or through Pittsburgh and Philadelphia, by means of the exchange of par lists with the banks of Cleveland and Cincinnati. These par lists are exchanged for considerations of mutual value. Under the present individual arrangements the entire two states practically clear with each other without charge.

Surely if there is need for a better system, the able transit men in our large progressive institutions in transit centers would have devised one. No system can be devised that will clear more economically and more safely; no system can be an improvement upon this arrangement; no system can be more practicable.

It is not necessary that large compensating balances be maintained. Through the close reciprocal relations developed in the handling of transit items and by arranging to collect them in the most advantageous manner, there is developed an exchange of service for service, in the form of personal attention of an officer to special items, through special advices, through deposits of transfer funds, funds for redemption through the handling of time items and collections, and in many other facilities which warrant the reciprocal arrangement. And, besides all these, that most important service, the exchange of credit information. Let us assume that the clearing house collection of transits is in practice:

A \$5,000 note of a corporation in a country town is offered to one of your banks as an investment. A letter which contains a request for an expression of opinion as to the desirability of the offered paper as a bank investment is sent to the bank in the town in which the corporation is located. It refuses to grant the request. It is under no obligation to the bank which desires the information. It deals with a clearing house and not with the inquiring bank. The ele-

ment of personality in business, often considered a most valued asset, is missing. The bank that made the inquiry probably lost an opportunity to make a good investment.

Let us contrast with the present arrangement. A letter of reply is received, an officer has given it personal attention, and assures that any opportunity to serve again will be gladly improved. Through the development of the reciprocal arrangement the answer is depended upon. The inquiring bank either makes the investment or advisedly disregards it.

You now have an idea of the difference between dealing with banks under a clearing house collection arrangement, and dealing with them individually.

Another great objection against the clearing house plan is that superior methods in handling items are reduced to the level of the bank having inferior facilities.

Chicago is the greatest transit center in the country. The individual arrangements between its banks, with correspondents all over this broad land, have developed extensive facilities which result in a liquidation of transit items and a satisfactory mode of settlement. This city opposes the plan for the reason that it places all banks upon the same level in so far as collection facilities are concerned. Would this be fair to the banks which through many years of experience, persistent effort and trading have developed extensive facilities, for prompt and satisfactory liquidation of transits? Are superior facilities in any line of business to be reduced to a level with inferior facilities? Why then have superior facilities? The great objection to the guarantee of deposits is that institutions are placed upon the same level. Large capital and surplus, years of experience and superior facilities are reduced to a level of small capital, inferior service and inexperience. Will the great banks of Pittsburgh, with their superb equipment in the transit departments consent to operating on a common basis with a competitor who has not developed proper transit facilities. It is unreasonable to assume that they would. The Chicago objection would be raised here, also in Cleveland, St. Louis and Cincinnati. You know that the plan is impracticable. How can the affirmative overcome this objection to a reduction to a common level?

It is argued that exchange charges will be reduced under the clearing house plan. Gentlemen! They will be increased. The plan does not involve the handling of time collection and draft items. Will not the country banker quickly see the advantages that he can take under the arrangement? He has a powerful influence over his customers, many of whom are stockholders in his bank. Instead of them sending checks to creditors in clearing house centers, at the request of the country banker they will ask their creditors to draw on them. The radical change in business and banking to which I referred will then take place. Instead of the convenient, economical, quickly liquidated check system, there will be developed the inconvenient, more expensive, and slower draft system of liquidation of debts. This is inevitable. The country bank will not perform a service without a charge. There is no fallacy in this argument.

In conclusion permit me to say that if this clearing house plan goes into effect radical changes are sure to take place in business and banking. Personality would

be a thing of the past. Exchange rates would be increased. Competition, which develops incentive for superior facilities would be destroyed. Why change from the individual arrangement under which we have made so much progress?

#### A. T. Eyler for the Affirmative.

My colleague has shown you that the proposed plan of clearing house collection is a practical plan suitable for adoption in any part of the country. He has further shown you that it is now in successful operation in Boston, Kansas City and Atlanta under the most varied conditions. It is, however, customary to charge this system with inflicting a great injustice on the country banker, but I propose to show you that under the system we propose no such injustice will be done. We further maintain that under the present system, the city banker is subjected to a grave injustice as is evidenced by the fact that at almost every A. B. A. convention for the last ten years frequent and earnest protests have been uttered against the exorbitant charges made under the present system.

Theoretically, the charge made by the country banker should be only sufficient to cover the expense of creating and maintaining a credit balance in the reserve city on which he draws. This expense would, in reality, never exceed the cost of shipping currency to that city. Now the city banker pays the charge of the country banker, which charge today includes not only the cost of maintaining the balance in the reserve city but a profit to the country banker as well. But to the country banker in most cases the cost of maintaining a credit balance in his reserve city is nothing for his reserve bank in that city often not only collects the world for him at par but also pays him interest on his balance. Thus we have the fallacy of the city banker paying the country banker for the exchange the city banker provides the country banker without cost. The city banker has the right to adopt any system that will relieve him of this injustice provided he does not merely shift the burden to another.

Now just a word as to the operating expenses which my colleague has shown you have been so materially reduced in the country clearing houses now in operation. Under the present system each day the country banker receives a letter containing checks on him from each of fifteen or twenty banks in a city. In remitting for these items he sends a draft to each bank that sent him a package of checks. Each remittance costs him a two-cent stamp, an envelope, a letter head, a draft, and his clerk's time in handling the transaction. This is a fixed cost irrespective of the size of the remittance so the charge on even the smallest remittance he makes must be at least sufficient to cover this cost. Under the proposed system the country banker will receive each day, from the clearing house in the city, one letter, containing all the items drawn on his bank. In remitting for these he will use one letter-head, one draft, one envelope, and one stamp, instead of from fifteen to twenty of each, as at present. The saving in these items and in clerk hire will certainly be to the advantage of the country banker and, in all fairness, he should reduce his charges for making remittances. Will the proposed system then inflict an injustice on the country banker? Far from it!

The only reduction upon which the city banker will insist will be a reduction proportionate to the saving as useless routine work is eliminated. A very conservative estimate of the amount saved to each country banker, daily, would be one dollar. Figuring three hundred working days in the year and twenty-three thousand country banks in the United States this represents a useless expenditure by the country banks alone of six million nine hundred thousand dollars for postage and stationery. The city banker pays the charges of the country banker which means that each year the borrowers of the country are paying unnecessarily almost seven million dollars in interest as a result of the present system of collecting transit items.

To the city banker, the proposed system will be more just for the charges made by the country banker can be reduced to a lower rate. Then the savings in postage, clerkhire and other economies that will come from consolidation of routine work will amount to a large sum.

So much for the bankers. How will the depositor fare? It is a common practice among bankers to withhold from a depositor the use of all funds deposited for collection until such funds have been collected. To this sound banking policy, no objection can be raised as a banker can have no knowledge of the worth of a strange check until it has been collected. As a matter of fairness and good business policy, then, the banker is under obligation to reduce checks received from his depositors to available funds just as quickly as possible. Under the present system of collecting these items, bankers often resort to circuitous routing to evade high collection charges. Mr. Cannon in his work on clearing houses gives examples of this one of which I have reproduced on this map. A check on Sag Harbor, N. Y., deposited in Hoboken, N. J., went from Hoboken to New York, New York to Boston, Boston to Tonawanda, Tonawanda to Albany, Albany to Port Jefferson, Port Jefferson to Far Rockaway, Far Rockaway to New York again, New York to River Head, River Head to Brooklyn and finally from Brooklyn to Sag Harbor. Under the proposed plan that check would have gone from Hoboken to New York and then direct to Sag Harbor to the bank on which it was drawn. This would have saved fifteen hundred miles in travel and the handling by nine different banks. Of these two things I shall not speak, but here is the important thing—it would have saved nine days in the transit time. As my colleague showed you the proposed system has been a wonderful time saver. In Kansas City the transit time has been reduced twenty-five per cent.; in New England country merchants who used to allow from two to six days for the return of their checks must now be prepared to meet them in forty-eight hours. Similar results have been obtained in Atlanta and other places. Any system that will so quickly reduce a deposit to available funds is of inestimable value, not only to the depositor but to our banking system in general.

We maintain, then, that the proposed system will be more just to the depositor in that he will receive better and quicker service in the reduction of his deposit to available funds; it will be more just to the city banker in that operating expenses and collection charges will be placed on a more economical

basis and items will travel by known direct routes instead of by unknown circuitous routes. Finally it will inflict no injustice on the country banker as the only reduction in his charges will be proportionate to the reduction in his expenses for making remittances. He ought to make this reduction for any bank is in honor bound to serve its customers at a rate consistent with justice and fair dealing. A bank is an agent of society to add to its welfare; not to hinder it. Any bank that must maintain itself by exorbitant charges for its services has no warrant for its existence and its charter should be revoked.

My colleague has shown you that the proposed system is practical and that it is now in operation under the most varied conditions. I have shown you that it reduces transit and operating expenses, and that it relieves the city banker of the injustice inflicted on him by the present time, and, further, it does not inflict an injustice on the country banker. Finally it is advantageous to the depositors of both.

#### John P. H. Brewster for the Negative.

While listening to our worthy opponents outline the wonderful system of collection of transit items through clearing houses, were you not amazed to learn that so few cities have adopted it?

Your attention has been called very forcibly to Boston, where the system has been in operation for twelve years, long enough to be more than an experiment. And where, more than in America, are successful experiments more quickly adopted as actual practices?

Our American progress is due to the readiness with which we discard the old for the new, turn from the more expensive to the less expensive. Bankers are as progressive as men in any other line of business. The affirmative agree with us, therefore, let them explain why only four cities, out of a total of one hundred and sixty clearing house cities, handle part of their transit items through clearing houses. You will observe that they handle only part of their transits through the clearing house. But this is not the question we are discussing.

Can the unqualified statement be made that the system has been successful in Boston? Honorable judges and gentlemen, it can not.

Look not only at the pleasant theories, but also at actual daily occurrences in the practice of this system, and you learn that the plan is not successful in Boston. It does not result in a saving. The expense is greater than under the individual arrangement. You know some of the superior advantages of the individual arrangement, and you will hear more.

When the country clearing houses were formed, the objections of the country bankers were met by arguments, and if these did not convince, the united strength of the city banks was brought to bear in many ways, and through nothing more or less than coercion the country banker was forced to remit to the clearing house practically at par.

Coercion was one of the great foundation stones used in the building of the country clearing house. Business cannot be done by coercion, it will be diverted elsewhere. Boston charges the country banker a minimum rate of one-tenth of one per cent. to collect all items not collectable through the clear-

ing house. Is this giving the country banker a square deal?

Boston, being the reserve city for New England, as well as the industrial and natural transit center, is where the country banker would keep his deposit account. This fact, with the natural development of industries, should increase Boston bank deposits, but on examining the Comptroller's report, we find that since the country clearing house was organized, the banks of Boston have lost over \$8,000,000 in deposits, due to national and state banks. Think of Philadelphia showing an increase of \$13,700,000 in bank deposits in six years over Boston, and Pittsburgh with \$65,000,000 less in individual deposits, showing a gain of \$7,200,000 in bank deposits over Boston. On this large increase, your banks derive a profit. Naturally you are in favor of the Boston plan in Boston, but not in Pittsburgh; for Pittsburgh promotes progress, and your great institutions advertise for and welcome increased deposits, and your banks use the deposits secured through individual arrangements to promote progress. We believe that the individual arrangements of your banks are a great factor in your wonderful advancement. Boston would be gratified to have that part of the gain made by Pittsburgh, Philadelphia and Albany. Evidence of the desire is found in the progressive advertising of the banks. It would be prudent to have the facilities of the individual arrangement, then advertise and obtain the bank deposits.

Formerly Cincinnati banks had, through their individual arrangements with Boston banks, par collection of New England points. After the clearing house was organized a black list was sent to us of those New England banks which would not be handled at par. This list was subject to change without notice. Remember, gentlemen, we are forty-eight hours distant from Boston. Our banks would send on an average six hundred items a day to Boston on New England points, but it soon became a regular thing to have ten, fifteen or more items returned in one day marked, "Cannot handle at par." You gentlemen realize the danger and risk, when thousands of dollars would be at stake.

Suppose a bank upon which one of these items is drawn, should become insolvent, what recourse had we? None whatever! The delay in presentation would be construed as negligence on our part for sending items to Boston when they had such a privilege of changing their par list without notice. The result has been that the New England business is not handled through Boston, and the banks of New England state that unless Boston changes its attitude toward the country banker, Boston will continue to lose New England business and New England friends. For, does Boston give the country banker a square deal? No. Boston charges the country banker one-tenth of one per cent. to collect all items not collectable through the clearing house.

The claim is made that clearing houses save clerical expense. Will your worthy opponents give detailed account of the method of handling transits from the time they are received by the bank until final settlement is made by the clearing house? No. Such a description would show the folly of the claim. For, in addition to the employees at the bank, there

is a force required at the clearing house, and to this we must add the cost of maintaining the clearing house quarters.

What a poor argument it is to say that the plan saves postage. A separate letter is sent by the Boston clearing house to each bank in each town. The Boston banks send separate letters containing collection items, and could not the country bank remit for the transit item and the collection item at the same time and with the same draft? If Boston saves postage, she pays dearly for it.

You know that sending items direct to the drawee bank for collection is negligence. The supreme court of your own state has rendered a decision, which states that a bank is not the proper agent to collect its own indebtedness. Fortunately for Boston, its loss has been small under this wrong practice, due to the sound banking conditions in New England. A tribute to the Yankee banker. But practicing a wrong, won't make it a right.

Clearing house authorities in Boston acknowledge that reciprocal arrangements have been destroyed and as an excuse therefor state that the New England country banks are to a greater extent sending their New England items to Boston, instead of making collections direct. Does this support the argument that clearing houses encourage direct collections? With the reciprocal arrangement destroyed it would be unfair to the affirmative if we did not make a comparative report on Boston. According to the report of the Comptroller, the balances due to national and state banks decreased \$700,000 in Boston in the last six years. During the same time such deposits have increased six and one-half millions in Pittsburgh, and thirteen millions in Philadelphia. Why this great loss in Boston? Reciprocal arrangements have been destroyed. Bank balances have been shifted elsewhere. The deposits of Boston, due to individuals at the call December 5, 1911, was \$182,000,000; Philadelphia had \$2,600,000 less, and Pittsburgh \$65,000,000 less. Comprehend the large amount of transits handled in connection with such a tremendous line of individual deposits as carried in Boston and great opportunities to develop bank deposits.

What is the trouble in Boston? The clearing arrangement. Under the individual arrangement there would have been developed in Boston a large increase in this line of bank deposits, on which there is always a profit. Boston lost this profit.

But let us leave the shining example of Boston and look at Atlanta, Nashville and Kansas City.

The two southern cities have endeavored to attract bank deposits, thereby providing more capital, and to make money on, the balances that must be left there to permit a bank to take advantage of what they have to offer. Remember Boston's loss of \$8,000,000 in due banks.

Banks can and do make better collection arrangements with Savannah, the southern reserve city, and Macon through the individual arrangements.

Kansas City permits a bank member of the clearing house to handle its transits through the clearing house, or direct to correspondents. What a tribute to the individual arrangement.

**Fred. G. Lancaster for the Affirmative.**

When the National Bank Act put into effect the present system, it left two serious defects, which are becoming more apparent with each year of increasing business. One defect, with which all business men and bankers are now thoroughly familiar, is the absolute inelasticity of our currency; the other defect, with which bankers are equally familiar—and business men, too, to some extent—is the lack of any medium of par exchange (save currency) which would be available all over the country at face value for use in the settlement of trade balances between the different sections of this tremendous continent. The first defect has been partially removed by the use of checks in payment of accounts between wholesaler and retailer, and customer and merchant.

The use of checks is the best relief that can be afforded to take the place of gold, silver and currency, and the banks everywhere should develop and foster their use in lieu of our cumbersome bullion, by doing all in their power to facilitate their prompt presentation and cancellation. The collection of these items through clearing houses is a step in this direction.

It is not many years ago, about two score, to be exact, when country checks, or what we term transit items, were accepted by our city banks over their counters, and through the mail for collection only, the proceeds being credited only on final payment. The next step in the evolution of the transit problem found our reserve city banks accepting country items for deposit, and crediting the customer at par.

At that time the number of transit items was small, and the country banker's charges for remittance were ignored. But, as business increased, the number and volume of transit items increased, and came to be recognized as an important instrument in facilitating business transactions. And it was at this point that city bankers began to solicit country bank accounts, by offering to pay exchange to the country banker, and, at the same time, collecting sometimes the entire country at par.

The country banker has thus been encouraged to charge exchange, but in return, does not have to pay exchange. Rather an unjust and inequitable arrangement, don't you think? The city banker assumes exchange charges going and coming, and pays a liberal rate of interest besides. This competition among city bankers, for country bank accounts and a general cry for new business, has been the chief cause of the increase in the cost of making collections. The tremendous increase in the use of checks, and the consequent increase in the cost of collecting them, has made this problem one that seriously concerns the entire economic welfare of these United States. At the present time there are handled each day in our reserve cities thousands and tens of thousands of country bank checks. These checks constitute a vital part of the commerce of the nation, and any agency which tends to hinder their prompt and equitable redemption into current funds is a serious burden and embargo and illegitimate tax on commerce. The business of the country last year amounted to four hundred and fifty thousand million dollars. Between eighty and ninety per cent. of that business was done by means of bank checks. The reform that we are advocating, therefore, aims at the perfecting of a machine which engages in the work of exchanging

checks and transit items to the extent of over three hundred and seventy-five thousand million dollars annually.

The custom of charging exchange on this tremendous volume of business has increased in late years with the increase in the number of items. And the burden of the cost of these collections eventually falls on the borrowers from the city banks.

City bankers, in order to equalize the losses sustained through excessive exchange charges, are obliged to get a larger rate of interest from borrowers in order to offset this unreasonable and unnecessary item of expense and make a reasonable profit on their own business. And it is thus that the commerce of the nation is forced to withstand an illegitimate tax, largely through the unnecessary and unjust excessive charges that are made by country banks for redeeming their own checks. Furthermore, we have demonstrated to you that, under our present system of collecting transit items, by individual arrangements between banks, country checks are indirectly routed and transit time is lost. The next greatest evil to the unreasonable exchange charge itself is the fact that everyone tries to avoid paying it. The country merchant sends his own check to the city wholesaler, so as to avoid paying the country banker for a draft. The city wholesaler, not to offend his country customer, accepts the check at its face value, and endeavors to put the burden of collection on his bank. The city banker, in order not to offend the wholesaler, accepts the burden tentatively, and then tries in every conceivable way to avoid the cost of collection, and unload it on some other bank.

Thus do we find transit items frequently passing, to and three times, through the place in which they are payable before finally stopping for payment. And we have the sad spectacle before us of the city banks trying to escape unjust exchange charges, and the country banks endeavoring to prevent that escape. Does this seem like good banking methods; and do you think it should be continued when we have a remedy at hand?

We do not claim for our system that it is ideal. The ideal arrangement would undoubtedly be to have the whole country exchange at par. That is the "consummation devoutly to be wished." Under our present banking laws, however, it is impracticable, unreasonable and impossible. We do claim for our system of collecting transit items, though, that it is a step in the right direction and the only one which bankers can at once put into operation without waiting for government aid.

Now, we want it understood that we are not going to deprive the country banker of his just and equitable remuneration for remittances. It is not the exchange charge that is offensive, so much as the abuse of the exchange charge. It is up to the banks in our reserve cities to devise the means of restricting the evils that exist today.

We have demonstrated that the collection of transit items through clearing houses reduces the cost of collection for city banks from one-half to two-thirds. It does not deprive the country banker of his legitimate charges for furnishing current funds, but it enables him to make a smaller charge on account of his saving in postage, stationery and clerk hire. It reduces to a minimum the indirect

routing of transit items. It is practical, because it has worked, and is being successfully operated at the present time by the clearing houses of Boston, Kansas City, Atlanta and Nashville. It is just, in that it offers the fairest dealings possible under our present banking laws to both the customers and the banks. And it is expedient, in that it will advance the cause of good banking by eliminating to a large extent the excessive charges for exchange, which is a tremendous burden and economic loss to the business public. Therefore the affirmative contends that it should be adopted.

**William Beiser for the Negative.**

The statement was made by my esteemed colleagues that the clearing house arrangement destroys reciprocal relations. So much evidence have we in support of the statement that it will be accepted as conclusive—no affirmative arguments to the contrary can prevail.

Endeavoring to ascertain whether the clearing house arrangement in Atlanta had caused any shifting of deposits due to national banks and state banks from Savannah, reference was made to the report of the Comptroller. Making comparisons with six years ago, it was found that the relative gain in Savannah was greater than in the State of Georgia. Is it not likely that shifting was from Atlanta to Savannah? We can assume that this is a fact.

Kansas City has the clearing house arrangement; St. Louis has not—for the reason as expressed by presidents of two of its large banks, that it would be impracticable—the country bank would not work for nothing. Permit me to remind you of the remark of my colleague—that no system is more practicable than the present arrangement. Again we support and confirm his statement. The affirmative will be of the same opinion ere we finish with our presentation of the negative. According to the statement of the highest authority, I say this advisedly, the same gentlemen, who devised the plan for Boston, found it **impracticable** in St. Louis.

Making the comparison with six years ago—in order to prove the argument of destruction of reciprocal arrangements—we find that the deposits due to national and state banks in Kansas City increased from \$40,500,000 to \$46,000,000, a gain of \$5,500,000, or 12½ per cent.; in St. Louis from \$67,000,000 to \$88,500,000, a gain of \$21,500,000, or over 33 1-3 per cent.—the relative increase being almost three times as much as in Kansas City. This is a wonderful tribute to the individual arrangement in St. Louis. Six years ago the same deposits were half again as much as in Kansas City, and are now almost twice as much—St. Louis having gained four times as much as Kansas City, where the clearing house arrangement is in use. Recalling the high line of deposits, it is to be remembered that in St. Louis a much greater gain in amount is necessary to show relative increases.

A great bank in St. Louis sent out proposals last week inviting business at par on practically all points of any consequence throughout the West. A fair compensating balance is to be maintained upon which interest will be allowed. Can such an attractive proposition be submitted from Kansas City? As you were informed by my colleague, under the clearing house arrangement, banks do not remit at par for items bearing endorsements of reserve cities.

East of the Mississippi River. They are right. What service does the clearing house at Kansas City perform for them? Through reciprocal relations, the bank at St. Louis reciprocates with service for service, as so ably referred to by my colleague when speaking of the arrangements between Ohio and Pennsylvania. You will observe that the reciprocal arrangement expanding over a wide territory has solved the transit problem.

According to the statement of the Kansas City Clearing House manager at the symposium on exchange charges at our Chattanooga convention, the cost on collecting Oklahoma after five years' work has been reduced to \$1 per \$1,000, and the clearing house has 150 par points in Oklahoma—again confirming my colleague's statement that the individual arrangement is superior—this one St. Louis bank has almost two hundred Oklahoma par points on its list. **The individual arrangement is superior.**

Is there a locking up of funds in par territory by taking advantage of the St. Louis individual arrangement? No, gentlemen! These funds are working, earning interest and being in a central reserve city, are a basis for loans and deposits. Are funds partly based upon uncollected transits desirable as reserve funds? If, after four years' study of currency and monetary conditions, the commission recommends that banks be permitted to turn notes of twenty-eight days' duration into reserve funds through discount at the Reserve Association or its branches, any argument as to inflation in reserve funds partly based upon uncollected transits, which are daily liquidated, is untenable.

The argument for the clearing house arrangement is that it results in saving. When making an analysis of the cost, it is proper to add the loss on diverted and reduced business. In industry, if the installation of a machine results in a loss, as compared with a certain normal profit, the cost would include the loss plus the normal profit.

Making a proper analysis, let us compare conditions existing about ten years ago, soon after the adoption of the plan in Boston with the present.

Pittsburgh had \$22,000,000 in deposits due to national and state banks in 1901; Philadelphia \$60,000,000, and Albany \$10,000,000. Pittsburgh increased in 1911 to \$49,000,000—gain of \$27,000,000. Philadelphia increased to \$90,000,000; Albany to \$26,000,000. The average increase is 80 per cent. There is no reason, except the clearing house arrangement, why Boston should not have this average increase. Gentlemen—Boston dropped \$8,000,000, from \$51,000,000 to \$43,000,000, since using the clearing house method.

The average gain in Pittsburgh, Philadelphia and Albany was 80 per cent.—let us say 50 per cent. would be the proper increase for Boston. The net profits on deposits made by New York banks during this very cheap money market is 1¼ per cent. Boston is a market of a higher rate—let us say 1 per cent. profit (lower than New York)—is a fair estimate.

50 per cent. in the increase on the deposits of 1901 would be \$25,000,000, on which the 1 per cent. was lost .....	\$250,000
Add 1 per cent. on actual decrease of \$8,000,000 .....	80,000
Collection expense of clearing house \$700,000,000 @ 7c per \$1,000 .....	49,000

Cost thus far is the tremendous amount of \$379,000



# INSTITUTE CHAPTERGRAMS

"ALL ABOARD."

## Arrangements for Transportation to the Salt Lake Convention.

Chairman George A. Jackson of the Committee on Transportation makes the following announcement of arrangements in connection with the Institute Convention at Salt Lake City August 21, 22 and 23:

Your Transportation Committee in preparing for the Salt Lake City Convention have made proper application to the various Passenger Associations for reduced rates to the delegates. These rates will probably be announced in the next issue of the Bulletin.

The members of the local Committee of the Salt Lake Chapter along with the Commercial Association are also taking up the matter of reduced rates for the convention, and have succeeded in getting reduced rates from Los Angeles and San Francisco. These rates will be an-

nounced when confirmed by the Trans-Continental Passenger Association.

An invitation has been sent to the Chairman of the Transportation Committee inviting all delegates to arrange their trip so that they will be able to reach Denver on Monday, August 19th, and spend the day as the guests of Denver Chapter. Automobile sight-seeing cars with a dinner at Elitch's Garden, and a theatre party in the evening, has been arranged for the delegates. Special trains will leave Denver after the night's entertainment, which would bring it just right for the beautiful ride through the Royal Gorge and Canyons of Colorado.

It will be necessary for those delegates that come via Chicago to leave here on the special trains not later than noon on Sunday, August 18th, in order to get to Denver in time to participate in the elegant entertainment that will be provided for by the Denver Chapter.

There are many side trips that the delegates might take advantage of, but it will be impossible to do so on the going trip. A stop over at Manitou, Colorado Springs, Glenwood Springs or a trip to Cripple Creek, a trip on the Moffat Road out of Denver might be considered by those of the delegates who will have time to spend after the convention.

A great many inquiries have been made relative to the trip through the Yellowstone Park, which will be elab-



AMERICAN SMELTING AND REFINING PLANT NEAR GREAT SALT LAKE.

orated on in the next issue of the Bulletin and the exact expense will then be published.

Last year published rates via Yellowstone Park Hotel and Stage Company, five days' complete tour of the Park, stage and hotels, \$46.25.

The "Wylie Way" is a camping trip but not so in the ordinary sense. The permanency of each of these camps, or "tent towns," imparts a degree of fixedness that makes possible comfortable sleeping apartments and sanitary toilet facilities; raised board floors to insure dryness; adequate heating; and a kind and character of ten arrangement that provides for personal privacy. On the other hand, the Wylie Permanent Camps make no pretense of elaborate service and elegant furnishings. The "Wylie Way" is an institution whose inception and growth is the result of the demands of that large class of travelers who, while touring the Park, desire to get away from the ceremony and restraint of convention and revel in nature. Licensed and controlled by the United States Government, the merit of the "Wylie Way" will equal the requirements of all who desire a comfortable, complete and economical tour, covering 5 days, meals, lodging, staging, guides and all necessary expense \$35.00.

As the month of August is the most favorable time of the year to make the trip through the Park, it is hoped that all of the delegates will arrange their vacation so as to take this trip at the close of the convention."

Otto J. Krampikowsky furnishes the following description of attractions:

The American Institute of Banking will hold its annual Convention for 1912 at Salt Lake City, Utah. One of the features of the trip is the fact that the most striking scenic points, such as Pike's Peak, the Royal Gorge, Grand Canyon of the Arkansas, the Collegiate Range, Mount Massive (the highest peak in Colorado), Tennessee Pass, Eagle River Canyon, Canyon of the Grand River, Glenwood Springs, Castle Gate, the Wasatch and Oquirrh Range, Utah and Salt Lake Valleys, are all to be seen from the car windows, requiring no additional expense for side trips.

George A. Jackson, Chairman of the Transportation Committee, reports that the train for this convention consists of the most modern equipment, including observation compartment and standard drawing room sleepers, dining car, etc., and every effort made to make this the most pleasant trip ever taken by the members of the American Institute of Banking.

Mr. Jackson states that the first stop will be made at Denver, the mile-high metropolis of the Mountain Empire at the base of the Rocky Mountains, named in 1859 for General James William Denver, then governor of Kansas, for this region was the wilds of Kansas Territory—Colorado's capital and "Queen City of the Plains," ought not to be neglected in any trans-continental outing. Denver's population in 1900 was 133,850, in 1910, 213,381, which is an index of progressiveness. A full page of fine type would not contain a skeleton outline list of notable structures and pleasure places in city and suburbs. The Capitol, City Park, United States Branch Mint, Public Library, Auditorium, Chamber of Commerce, Cheesman Park, Inspiration Point, Elitch's Garden, White City by the Lakeside, Overland Park, Country Club, Park Drive-way and stockyards, with the spacious Stadium, are distinctive. Those who tarry a day, are apt to stay a week. Hotels and other transient houses are superior in number and attractiveness to those of other cities of its class, and suit every taste or condition. In this respect, Denver is a joyhaven for all those whose circumstances compel a dollar doing double duty.

"Seeing Denver" automobiles will meet the train upon arrival and take the party for a ride through the business and resident sections of the "Queen City of the Plains," and gateway to a marvelous beautiful wonderland among the clouds.

The second stop will be either Colorado Springs or Manitou as decided by the Transportation Committee and there conveniently packed. (It is a two hour and thirty minute run from Denver to Colorado Springs. There are a number of delightful side trips which may be made into the Pikes Peak region. The shorter of these little journeys from Colorado Springs can be made by carriage or automobile to the Garden of the Gods, with its grotesque formations, and return—time about two hours; to Monument Park—about the same time; across the mesa to Palmer Park—and return via the boulevard—about three hours; to Stratton Park, North and South Cheyenne Canyons and the famous Seven Falls, about four hours, to include the "High Drive" the grandest of all, thence down through Bear Creek Canyon and Colorado City, back to Colorado Springs, a half day is preferable. The trip to Crystal Park via automobile from either Colorado Springs or Manitou requires about four hours and is one of the grandest trips in this region.

In the vicinity of Manitou are the Cave of the Winds, Cliff Dwellers Ruins, the scenic incline up Mt. Manitou, Ute Pass and Temple Drive, its celebrated mineral springs, soda and iron, fine hotels, summer homes and camp nooks, is five miles west, where the Cog Road starts to climb Pike's

Peak, 14,109 feet altitude. The new auto road to Crystal Park, Ute Pass, Grand Caverns, Garden of the Gods, Falls of Minnehaha, Cave of the Winds, are among the host of nearby pleasure places.

Cheyenne Mountains, North and South Cheyenne Canyons, the 46-mile railroad to Cripple Creek, the great gold field and Broadmoor are a few of the numberless attractions grouped around Colorado Springs.

The following are some of the very interesting places which will be passed by the A. I. B. Special leaving Chicago, Pueblo, Colorado's second city, The Pittsburg of the West, the local center of the Colorado Fuel and Iron Company's \$40,000,000 steel plant, is 120 miles south of Denver on the Arkansas River.

Canon City, a mountain encircled orchard amphitheatre, proudly named for the Grand Canyon of the Arkansas, is a home inviting town in the midst of many restful features.

The Royal Gorge, an observation car is attached at Canon City for the Royal Gorge, and now the train attacks the towering chasm through which the tumbling Arkansas escapes from the granite-walled mountain fastness to freedom and the open world.

Eagle River Canyon, this canyon is not only impressive with its grandeur of nature but presents also the most curious sight of mines being worked all up and down the face of well-nigh perpendicular walls two thousand feet high on either hand.

Grand River Canyon, is near the junction of the Eagle, a short distance below the prosperous town, Gypsum and contributes joyous variety to the view. For sixteen miles there is a glorious kaleidoscopic rock color scheme, reds, grays and blacks mingling with green verdure, as the canyon opens out and closes in.

Glenwood Springs boasts a banner hotel, "The Colorado" a resthaven beyond compare, with spacious park grounds abounding in shade in which are the large swimming pool, most of the mammoth sulphur hot springs, handsome administration building and bath houses, with the Hot Cave at the upper end, an inviting stopover point.

Castle Gate, in the heart of Utah's extensive coal fields, named for two jagged sandstone monoliths, towering 500 feet on either side of the track, is the portal of Price River Canyon. "Entrance to the Promised Land," the Mormons called it. Soldier Summit, 7,451 feet elevation, is twenty-one miles distant. Here the downgrade begins.

The next and last stop is Salt Lake City, which teems with conflicting surprises. It is old and ever new—farming metropolis and mining center, Temple and Tabernacle amid quaint surroundings, and right at hand modern hotels and tall buildings, occasion bewilderment. Saitair where everybody goes to enjoy the marvels of Great Salt Lake, stands alone as a joy-place. The bathing is unlike any ocean—a delight not to be missed. Musical folks should hear the Tabernacle organ and learn its story. For the benefit of tourists free public recitals are given in the Tabernacle, generally during the noon hour, daily through the summer season.

At Salt Lake City connection is made with the Oregon Short Line for the trip to Yellowstone National Park, which occupies the northwest corner of the State of Wyoming and strips of the adjacent states of Idaho and Wyoming. In 1872 by Act of Congress, this portion of the Rocky Mountains was set aside as a National Park for the benefit and enjoyment of the people. Yellowstone Park embraces practically three and a half thousand square miles. Nowhere in the world are there geysers to compare, either in magnitude or number, with those in Yellowstone Park. The terraces and beautiful pools of Mammoth surpass even those in New Zealand. The Grand Canyon of the Yellowstone is unsurpassed in beauty and coloring, and the Great Falls, at its head, is 360 feet in height.

The round trip rate, Chicago to Salt Lake City and return is approximately \$45.00, whereas the round trip rate Chicago to Yellowstone Park and return is approximately \$47.00. Therefore all members of the American Institute of Banking intending to make this trip to Salt Lake City are requested to take the matter of rates into consideration, as if a ticket is only purchased to Salt Lake, it will cost \$8.00 additional for the trip to Yellowstone Park and return.

## ALBANY

By Edmund W. Corrie

WE were fortunate in securing three good speakers for our April meeting. Ledyard Cogswell, President of the New York State National Bank, gave a brief review of the progress of the banking from its inception, and then showed how essential self-sacrifice was to success, no matter in what position, and that steady application and the subordination of everything to the interest in hand was the keynote of success.

The second speaker was Mr. Cox, National President of A. I. B., who showed the aims of the Institute in a fine address, placing stress on the educational part and the fact that although the social end should not be neglected, yet education was the aim of the Institute. We were visibly cheered by his remark that good men were always in demand, as we like to hear such little messages. He is a forceful speaker and we hope to hear him again at our meetings.

Mr. Stephen gave in detail the work of the New York Chapter, and we were enabled to get some good pointers from him. The meeting ended with assurances of official support, and an informal discussion of the work.

We had a large attendance and intend to corral some of the floating vote by the next meeting.

### BALTIMORE.

By Charles H. Mueller.



JAMES D. GARRETT.

PLANS are under way for our annual examination on May 30th, which we have hopes will be as successful as previous ones. Our class in banking law has been going along smoothly with the exception that the attendance has not been up to the

mark. As this has been experienced in previous years, our Educational Committee has not been quite as active as it might. Nevertheless, we are still hoping to pass the examination.

On Tuesday, April 16th, we had the pleasure of listening to Chas. Frederick Adams, of New York City, who delivered an address on Rational Tax Reform, upon the single tax theories of Henry George. He gave us a clear and lucid exposition of the single tax—a tax on land values only—and of its application by governments. The single tax system, the speaker pointed out, would tend towards establishing a more equal distribution of wealth, would take the tax off of industry where it does not properly belong and would put it on the potential value of land, determined by the need and demand for any particular parcel, in which case no hardship would be caused anyone.

On Thursday, April 18th, our regular election of members for the Board of Governors was held. Twenty-three candidates for nine offices helped to bring out a very large vote, and the interest of the chapter members was never so noticeable. As each candidate seemed to appreciate the benefits to be derived in having something to do with the governing of the affairs of the chapter, the election was very close, and the following successful candidates must certainly be congratulated. Albert N. Smith, Thomas C. Atkinson, J. Leonard Hoffman, Jr., Hilary W. Lucke, T. Reese Cornelius, Grason Ray, R. McGill Palmer, F. H. Barclay, Oliver C. White. The candidates are named in the order of the number of votes received, the first seven being elected for the full term of three years, the eighth for an unexpired term of two years, and the ninth for an unexpired term of one year.

The many friends of James D. Garrett throughout the Institute will rejoice with the members of Baltimore Chapter in learning of the honor which was recently conferred upon him by the directors of his bank, the Central Savings Bank, of which he is now Assistant Secretary. This is a worthy tribute to a worthy man and one of particular interest to Baltimore Chapter for there is probably no one who has contributed so much to this organization as has Mr. Garrett. Throughout its history it has been conspicuous that while men may come and men may go Mr. Garrett has always been ready and willing to undergo unlimited sacrifice to serve the chapter with his indomitable energy and his unusual judgment. He is the only one of its charter members who has continued active in the work from the very first up to the present. Both before and after his term of Presidency in 1909 he served the chapter in every conceivable capacity and has weathered it through many a storm. It has been due largely to his clear conception of Institute principles that Baltimore Chapter has always stood out preeminently as an educational organization which produced results and he has practiced what he preached for he was among the first to acquire the much desired Institute certificate and it is probable that it was in the course of these studies that he acquired that broad field of information which brought him the reputation as an authority on savings bank matters. Although he has never held any office in the national organization he has always been

active in this broader field and is a prominent figure at Institute conventions where he is usually called upon to serve on some of the convention committees. He is at present a member of the post-graduate committee of the Institute and through his long experience is especially well equipped to consider this matter which is of such importance to the Institute at large. In congratulating him on his entrance into this higher rank of bank men and wishing him continued success we are happy in knowing that each step will not take him further away from the Institute but bring him closer to it.

### CHATTANOOGA.

By T. R. Durham.

THE National Health as an Asset," was the subject of a very interesting and instructive address delivered by Dr. H. M. Evans, the new Secretary of our Chamber of Commerce, before the chapter at its last, regular meeting. The lecture was well attended and thoroughly enjoyed by those present. This is only one of a series of many interesting events the chapter has enjoyed during the present year. The excellence of our Law Lectures this year, together with the very instructible class of outside lectures, has made for the chapter one of the best seasons in its history.

### CHICAGO.

By Otto J. Krampikowsky

THE meeting of Chicago Chapter held Tuesday evening, April 24, was the last meeting of the chapter, i. e., the next meeting will be primary night for the election of the new officers for the following year. Several resolutions by various members present were presented, and on motion duly seconded they were voted adopted, and held over until the next meeting, as the resolutions pertained to the Constitution of the chapter.

President Smale then introduced the first speaker of the evening, C. R. McKay, of the First National Bank, who is chairman of the Committee on the Numerical System of the American Bankers Association, who spoke on the Numerical System, which is one of the most important subjects confronting the various bankers and banks of this country today. Mr. McKay stated that there were a great many men in Chicago who were not fully acquainted with the system, not only among the clerical force, but also among the official force, and that it was the endeavor of the Numerical System Committee to get all thoroughly posted on said system. He also stated that the Canadian banks are considering adopting the system for Canada, and was of the firm belief that in a few months they will have the system under way.

Mr. McKay further stated that last Friday, April 19th, there was a committee appointed of members of the Clearing House Association for the purpose of pushing the numerical system in Chicago and throughout Illinois, and that it is proposed to form committees throughout all of the large cities throughout the country, so that the numbers can be

put on the checks as soon as possible, and that this committee would appreciate very much the co-operation of every member of Chicago Chapter towards making the system a success here and taking it up with other representative banks.

Mr. McKay also illustrated how the Batch system is operated in New Orleans, stating that they use it there for the items that come from out of town banks as well as the city customers, and that the numbers very rarely run over 100.

The Chairman then introduced the next speaker, W. G. Edens, of the Central Trust Company, and member of the Executive Council, A. B. A., who addressed the chapter on "The Success of the work of the American Institute of Banking." Mr. Eden spoke of the many benefits that accrued to young men by becoming acquainted with each other and changing ideas, through being a member of the institute, and that how the ambitious and hard workers of the past are now occupying positions of the highest responsible character with large financial institutions today, and stated that the young men of today had the same opportunity, and that it was up to them to realize their ambitions and that sooner or later they would attain success. He further elaborated on the courses of lectures and instructions given by the chapter, and stated that the young men taking them are making no mistake in following them up, and encouraged them to exert themselves to improve their efficiency in their study.

Mr. Eden's manner and speech was very impressive, and was roundly applauded at the close. Both Mr. McKay and Mr. Eden then were given a rising vote of thanks for their address before the chapter members.

A piano selection was then given by Victor E. Olson.

### CUBA.

By W. H. Morales.

THE Panama Canal and its effect on Cuba from an economic standpoint was the topic of Dr. Leopoldo Cancio's fifth lecture of the season before Cuba Chapter on April 3. The speaker said in part:

While no scientific achievement has perhaps received more public attention than the canal since the Pacific Ocean was discovered from a summit of the Isthmus in 1512 by Vasco Nunez de Balboa, it happens by a strange paradox that Cuba, a country in close proximity to Panama, will fail to benefit by this new boon to civilization.

Logically speaking, Cuba is going to meet a rival in the opening of the Panama Zone to the markets of the world, but fortunately, her position with respect to the United States will offset the consequent disadvantage and insure her continued growth.

A glance at the chart shows that Cuba is practically in the same isothermal belt as the countries bordering on the canal. Our foreign trade will naturally show the financial bearing of the canal on Cuba, so the question arises, what commodities will this country export and import as a result of its inauguration? The answer in both cases is, none, according to present indications.

Looking westward from the Isthmus we find a vast sea or open gulf, due to the conformation of the North and South American continents at this point; and beyond, the map fails to disclose any islands or continents nearby. To the north and south we look in vain for large cities or commodious harbours and find in place thereof mountain chains, dotted here and there with fertile belts of soil along the shores and valleys. Farther away we come to the dense forests of Ecuador and Peru, which will compete with the hardwoods of Cuban production, both of which countries, being self-supporting, cannot be considered as consumers of our goods.

Hawaii to the west and New Zealand nearly 7,000 miles southwesterly, will be the nearest Pacific islands of any consequence, while Polynesia, Australasia and Malaysia will be too far away to be a practicable market; moreover, the trade to those countries is going to be carried over the Suez route for obvious reasons.

The advantages gained from reduced freight rates to New Orleans and other shipping centres in the United States will be a stimulus to the production of the Panama Zone and a detriment to Cuba. Commerce always seeks a market and markets follow the line of consumption, and the outlet for those products will be through the warehouses of North America and not those of Cuba.

The impression that Cuba is in the direct line of travel from Europe to Panama is erroneous. Vessels of deep draught from Western Europe will continue to follow the present routes as marked by the ocean currents, and after sailing down the west coast of Africa will shape their course westward to the Caribbean Sea, by way of the Windward Islands. This line of travel was followed by Admiral Cervera's fleet in the Spanish-American War, and by Admiral Nelson in 1805 with the fleet which later vanquished the Spanish and French armadas at Trafalgar.

As speed will be an important element in shipping, vessels will not be likely to deflect from their course to visit Cuba, even as a coaling station.

This negative effect of the canal will simply be a repetition of history. The opening of the Suez Canal in 1869 was expected to be the signal of a mighty economic movement in Egypt and the Mediterranean countries, and in Southern Italy great warehouses and other preparations were made to accommodate the Royal Mail steamers, en route to the canal. The result was quite different, however, and in the famous work of Lord Cromer entitled, "The Modern Egypt," the British representative does not even mention the Suez Canal as a factor in the great development of that country.

The second paradox is, that, despite the opening of the Canal Zone to the world, the progress of Cuba is destined to be as remarkable in the future as it has been in the past.

In Cuba the combined forces of nature, man and capital have found a remarkable theatre of action, and the markets of the United States will more than absorb the production of our fertile soil. We must recognize that the United States is still a young and undeveloped nation. Texas, with an area greater than Austro-Hungary, contains only 4 million inhabitants as compared with 50 millions in that empire; California, whose territory is greater than that of Prussia, has but 2 1-2 millions of people as against 40 millions in that kingdom. As the wealth and population of the United States increase, the demand for Cuban products will more than grow apace, thereby assuring the economic future of our island.

The importance of Cuba to New York and other northern markets is apparent. When we consider London and the cities of Northern Europe, which depend for their tropical supplies on colonies thousands of miles across the sea and over deserts, accessible at a great expense of time, labor and capital, we are filled with a sense of admiration that nature should have so blessed this hemisphere as to place Cuba, which has recently been referred to as the garden of the earth in a Cuban banking report, at the very portals of the United States, with a capacity to stock the markets of her big and wealthy neighbor with tropical supplies in a few hours.

In meeting the new stimulus to activity which the great canal will present to Cuba, our people will be called upon to demonstrate the maxim that "competition is the life of trade."

#### DETROIT.

By S. J. Robinson.

**T**HE water in the river has been cold all winter but we are confident that it will warm up during the summer.

#### DULUTH.

By John L. Evans.

**D**ULUTH CHAPTER closed the educational lectures for the season on April 16th. The problem of holding the graduates and at the same time interesting the younger members is not an easy one. Our chapter is not large enough to support two courses, and the class must include the graduates, to be effective. This last year we did

very well with Parliamentary and Real Estate Law, thanks largely to our excellent instructor, G. W. C. Ross. We expect and hope to have him again next year. He may be able to arrange a new course for us along banking lines, or we might review one of the Institute courses.

#### FORT WORTH.

By W. M. Massie.

**F**ORT WORTH CHAPTER has just passed the first mile stone in her career as a member of the Institute. In striking a balance on the year's work, it is not our desire to appear boastful, but we feel proud of the progress we have made.

Since organization, we have increased our membership very materially, and we now have on a membership contest which gives promise of still further additions. We will not stop until every man connected with financial institutions in this city is enrolled as a member.

We have secured permanent quarters and furnished them in a manner that is conducive to the comfort and welfare of our members. This has not been accomplished at the expense of our regular work, as we believe that education should be paramount, and have so instilled this idea into our membership. We have adopted the regular study course as outlined by the Institute Executive Council, and have adhered to it strictly with only an occasional digression to listen to the discussion of some important question which may arise. We are very fortunate in securing the co-operation of the Hon. O. W. Gillespie, Ex-Congressman from this district, who during his term in the Lower House of our National Congress was a member of the Committee on Banking and Currency, and he is now conducting a class in the study of the Plan of the National Reserve Association. Mr. Gillespie is a thorough student of financial legislation, and we expect to reap great benefits from his efforts.

The Fort Worth Chapter has been working for some time on a movement to widen the scope of the Institute work in this state and to stimulate the interest in chapters already organized.

#### GRAND RAPIDS.

By R. M. Bremer.

**T**HE Grand Rapids Chapter was organized last October and opened with a class of twenty-five in Banking and Finance. The chapter was fortunate enough to secure the services of Paul C. Stetson, principal in the Central Grammar School, as instructor. We secured comfortable school quarters in the Grammar School through the courtesy of the Board of Education, the class meeting every Monday evening.

At one of our general monthly meetings we were honored by the presence of Prof. Friday of the University of Michigan who delivered a fine talk on "The Monetary System, Its Nature and Evolution." The lecture was well attended, not only by chapter members but by bank men in general. Prof. Friday traced our monetary system from Revolutionary times down to the present.

The first annual round-up of the chapter was given Friday evening, April 12th, in the parlors of the Grace Church Parish House. The menu was prepared by the ladies of that church, covers being laid for eighty. Frank Welton, Cashier of the City Trust & Savings Bank, was toastmaster and addresses were made by Clay H. Hollister, Paul Stetson, Robert Y. Speir, Charles W. Garfield and James R. Wylie. Mr. Hollister offered two prizes of \$35.00 and \$15.00 for the best paper of one thousand words on "The Best Plan for Handling Country Items in Michigan," the papers to be handed in by July 1st.

Following the meeting a Burroughs Adding Machine contest was held for \$45.00 in cash prizes offered by the Burroughs Company. Chester B. Stubbins of the Grand Rapids National City Bank won the first prize of \$10.00 for two hundred checks, adding them in three minutes and one second, beating the world's record by one-fifth of a second. George Corrigan of the Grand Rapids National City Bank and A. J. Sparks of the Fourth National Bank took the second and third prizes of \$7.50 and \$5.00, respectively. The first prize in the one-hundred-check class was won by D. J. Foley of the Grand Rapids National City Bank in two minutes and sixteen seconds, Wallace Gould of the same bank was second and Phil Holloway of the Old National Bank was third. A most enjoyable evening was spent and several applications for chapter membership were received.

The study class will soon have finished the course in "Banking and Finance" and the course in "Banking and Commercial Law" is being looked forward to with a great deal of interest.

#### GREAT FALLS.

By F. T. Merrill.

**G**REAT FALLS CHAPTER was instituted on the evening of February 20th with a membership of thirty-three, practically every officer and bank clerk in this city, as well as several men in the banks adjacent to this city, enrolling. The following officers were elected:—President, F. T. Merrill; Vice-President, Nels A. Thisted; Secretary, L. C. Marshall; Treasurer, A. C. Routzahn; Executive Committee, M. Skinner, Jas. Kellogg and A. R. Moore.

On the evening of March 12th we held our first banquet in the private dining room of the new Park Hotel with Gov. E. L. Norris and State Bank Examiner C. E. Kump as our guests. The banquet was served at 6:30 with covers laid for 35, practically the entire membership of the chapter being in attendance. President Frank T. Merrill presided over the dinner and when the cigars were served he introduced Governor Norris, who made a brief address upon the subject of banking, in the course of which he told of a number of changes in the banking laws which he had advocated and which he had been endeavoring to get through the legislature. R. P. Reckards, cashier of the Great Falls National Bank, also addressed the gathering briefly. At 8:30 the meeting adjourned and the governor left for the Hotel Rainbow, where he was guest of honor at the military ball.

On April 23rd we hold our first adding machine contest. The Burroughs Adding Machine Co. have

offered a silver cup as a prize and while we do not expect to break any world's records this time, we may at our next contest. The same evening a money counting contest will be pulled off.

Our baseball team have started practising and are looking forward to a good time this summer.

We intend to send a delegate to the Central Group meeting of the State Association, which will be held in Lewistown in May.

#### HARTFORD.

By William J. Reid.

**T**WO annual events of Hartford Chapter have made the month one of the banner months in this year's history. Our annual banquet has held its own as being the best social event of the year. On Friday, April 19th, the members of Hartford Chapter which includes nearly all the officers and men in Hartford banks sat down to our 10th annual banquet. The evening was filled with good things from beginning to end, good things to eat, good songs to sing and good speeches to listen to. The speakers of the evening will be long remembered. Our Mayor first gave us a welcome and was followed by Raymond E. Cox, President of the Institute. He seemed to be as strong on the educational idea as he was last summer at Rochester and the men who have been studying the Institute course this winter felt that they were a part of a great throng of students when he had finished. Hartford Chapter congratulates him on his promotion in the bank with which he is connected.

William M. Kingsley, Vice-President of the United States Trust Co., New York, gave us a talk on the need for large minded men in this time of great achievement and advancement. His optimism as he approached his subject was appreciated by all and we were impressed from his remarks with the opportunities for bank men in these strenuous days.

Chas. T. Conway, President of Boston Chapter brought us a message from the Hub City. He confined his remarks to the work Boston Chapter has been doing in keeping their members informed on the legislation that affects the banking community and pointed out the need of a national committee that would do the same kind of work in relation to national legislation.

Rev. Irving H. Berg concluded the program with a strong talk on the need bank men have of a vision. A vision that will make them see their profession in all its completeness.

Much praise for the success of the affair is due to our Banquet Committee, Warren T. Bartlett, Alfred Jacobs, Harry H. Walkley and to our President, Stephen G. Pierce, who was the toastmaster of the evening.

Our annual adding machine contest was a live subject during the past month and on the evening selected many of the bank men in town found their way to the chapter rooms to try their skill or to watch others show what they could do. The machines used were furnished by the Burroughs Adding Machine Co. A great deal of rivalry developed during the evening and the affair was a success from start to finish. The

contest consisted in listing accurately 100 checks and the following were the successful ones. Hand machines.—W. S. Sherwood, 1:31; R. L. Buck, 1:35 4-5; E. R. Barlow, 1:39; H. M. Kenyon, 1:40 1-5. Electric machines.—W. L. Sherwood, 1:27 1-5; R. L. Buck, 1:33 2-5; R. A. Wilcox, 1:36 4-5; J. P. Neal, 1:44 1-5. We also found that we had a man who could break the world's record for listing 200 checks. This record has been held by A. E. Turnquist of the First National Bank of St. Paul, Minn., time 3:07 2-5. W. S. Sherwood of the Connecticut Trust & Safe Deposit Co., listed the 200 checks in the record time of 3:01 1-5.

### KANSAS CITY.

By G. G. Moore.

**K**ANSAS CITY CHAPTER closed its year's work with a banquet at the Kansas City Athletic Club. Immediately following the banquet the members and guests were entertained by the Athletic Club Minstrels in an entertaining manner. This being the time of our annual election, the following officers were then elected: C. A. Burkhart, of the National Reserve Bank, Pres.; H. L. Larson, of the Commercial National Bank, Vice-President; Lloyd Garrett, of the First National Bank, Secretary; P. A. Adam, of the Title & Savings Trust Co., Treasurer.

The Executive Committee of our chapter consists of the four officers mentioned and G. G. Moore, Joseph Heydon and A. W. Kennedy. C. W. Allendoerfer of the First National Bank and Jerome Thralls, Manager of the Kansas City Clearing House, were elected delegates to the Salt Lake City convention, the alternates being A. W. Kennedy of the National Bank of Commerce and Joseph Heydon with Houston, Fible & Company.

#### Allendoerfer for Executive Council.

The Kansas City Chapter beg to present the name of C. W. Allendoerfer, Assistant Cashier of the First National Bank, as their candidate for member of the Executive Council of the American Institute of Banking from the Fellow Class. We feel that if it were not for the earnest and conscientious work of Mr. Allendoerfer Kansas City Chapter would not be the strong body of over two hundred members that it is at present. We ask your support for our candidate.

### NEW ORLEANS.

By John Dane.

**O**N Thursday evening, the 21st of March, the chapter rooms of New Orleans Chapter were the scene of a gala meeting of the local association. Edward Wisner, "The Father of Reclamation," was to talk on "Land Reclamation in Relation to Banking," and a large attendance was on hand, including the members of the various commercial organizations of the city. Our ranks were also swelled by the admission of about thirty new members. Mr. Saucier, chairman of the Educational Committee, submitted a report, in which he stated that the class in Commercial Law would complete its labors with an examination on Sunday morning, the 24th inst., and

that it was proposed to start a class in Banking and Finance at once. Mr. Wisner was introduced amidst applause, and in part said:

It is gratifying to talk to such a body of young men as this; men, some of whom are to be the leaders of finance in the greater New Orleans of the near future in which we all believe and for which we all are striving. Some of you will be the presidents of great banks and trust companies; some will be vice-presidents and cashiers and others will do other but still necessary and honorable work in other positions.

It is upon the young men that we must depend to make New Orleans great. Old men fixed in habit and opinion never did and never will make a city or community great. Youth sees visions and has the energy to realize them. Youth is optimistic and full of initiative. Old men are apt to be pessimistic and ultra-cautious, and while caution is necessary in good banking it can be carried too far, and for the most part over caution accompanies age.

Banking is a profession, and a great one; and I esteem it good fortune that I once occupied a humble position in the profession as a country banker. Having been on both sides of the counter; I am, I think, able to see the business from both viewpoints.

The relation of land reclamation to banking is my subject, and land reclamation bears to banking the same relation, and no other that any other great development in a given locality bears. Bankers are primarily concerned in the conservation of wealth. Ordinarily the booster, the promoter and developer gets out of patience with his banker who can not see fortunes just ahead and who is unwilling to lend his depositors' money to grease the way to realization. But the good banker has none of the promoter about him—his patriotism and his desire to build up his town must be secondary to the cold analysis of his mature judgment. I do not mean by this that the good banker is a "knocker," but that he is necessarily something of an agnostic. But the bankers of New Orleans are nevertheless vitally interested in land reclamation and to a greater extent than the bankers of any other community in the United States. Before it can be conserved wealth must be produced. Now the country around New Orleans, within a hundred-mile limit, has only about five per cent of the area fit for agricultural purposes. Under such limitations no city can ever become great and the putting into condition for its possible great production of the other ninety-five per cent. means not mere evolution of New Orleans but a revolution in its business and civic conditions.

It is hardly necessary for me to relate in detail the probable benefits to accrue to New Orleans and Louisiana from the development of this now waste area, but I may say in passing that the full development of the wet lands of this state will mean a greater annual increase of wealth production than the total agricultural production of any State in the Union at present and more than the total value of any crop produced in this country with the exception of corn and possibly also cotton. And more than enough each year to pay the entire cost of putting these lands into cultivation. This estimate is based on what like soils are now doing in this country and in Europe and in Egypt; and does not draw upon what most economists believe to be the continually enhancing value of agricultural products. Compared with the population of reclaimed lands in Europe and alluvial Egypt there is a comfortable living to come from our now useless lands for ten million people.

Now when this all happens, as it surely will in the not distant future, it will make banking business for all of you and many more besides. In the marketing of the vast products, in caring for and the investment and distribution of this newly created wealth will come your opportunity and your duty. Thus you see that land reclamation bears the same relation to banking in New Orleans that copper mining does to the bankers of the Calumet region of Michigan or of Arizona; that the development of commerce did to Liverpool and wheat growing does to Winnipeg.

There is, however, a class of banking which has never developed in New Orleans, and which ought now to develop. I mean investment banking and by that I mean the machinery which operates between the developer and the time investor. This is in some sections the function of the Trust Company but with us the Trust Companies have been commercial banks rather than investment banks, and such they will continue to be until there is a plethora of banking capital. The many issues of drainage and good roads bonds which will come upon the market in the future will call for and necessitate the founding of investment banks. The field is big and will be profitable. That it will be filled is certain.

What can and should the New Orleans bankers do to assist in this great work? As I have already intimated I do not believe it to be the duty of the commercial banker to act as pioneer financier in any development work no matter how promising. The good banker deals with cold facts and with things done, not with things hazardous or untried and which may or may not be done. But so far

as the New Orleans banker is doing an investment business it is his duty to lend a helping hand when, and not before, he is satisfied that a development proposition is sound and meritorious. But it is the duty of any and all bankers in New Orleans and South Louisiana to give this subject such investigation that they can express an intelligent opinion.

Years ago I used frequently to say in local advertisements that the wet lands of Louisiana would be reclaimed when the people of Louisiana wanted the work done. I believe that was good prophecy. And now pretty much everybody wants it done. And it is going to be done. I am sorry that local capital has not had a greater share in the work and thereby enjoy a greater proportion of the profits, but to the people here will come benefits from the annual wealth produced which will dwarf any profits of reclamation or exploitation no matter how large. And the good day has dawned. Nothing can stop land reclamation around New Orleans and its beneficial influence upon the city and state is already an asset incapable of computation.

### NEW YORK.

By E. G. McWilliam.

ON Saturday evening, April 13th, the youth and beauty of New York Chapter descended upon the Hotel Bretton Hall and captured it from lobby to grill, the occasion being that of the annual dance. We say "youth and beauty" advisedly, for everybody was young for that evening and the faithfulness with which, for instance, Cary, Billman, Minor, Lersner, Broderick, and Prof. Drury exhibited their hitherto unsuspected terpsichorean talents left no doubt as to the attractiveness of the ladies, which would have made a blind man sit up and take notice, and renders adequate description in mere words impossible.

New York Chapter's social life has of necessity been neglected of late, due to our anxiety for education, and it is hoped that this may be corrected in the near future without in any way lowering our standards. A "boat ride" has been suggested for June, one having been successfully held a year or so ago, but the carrying out of same will depend upon the sentiment of the majority of our members.

While our "four hundred" have digressed to the extent of the above dissipation, our "machine" has been working steadily and the courses in English, Law and Finance under Prof. Drury, Tompkins and Greene have been well attended considering the many consolidations which have recently occurred and which have demanded the entire time and attention of a large percentage of our membership. Two other meetings were added, on Wednesday evenings, which proved of unusual interest and profit. One of these was on March 27th, when John J. Pulleyn, Comptroller, Emigrant Industrial Savings Bank, addressed us upon Mortgages from the Investment Standpoint, and Hon. Lawson Purdy, Tax Commissioner of New York, addressed us upon Real Estate Taxation. It was said by "one who knows" that these were two of the finest talks we have ever been favored with, and several expressed the hope that they might be had in printed form. For the information of those interested we can say that Mr. Pulleyn's address will appear in a future issue of the Bulletin, but that as Mr. Purdy spoke extemporaneously, it will be impossible to print his address, though we hope he may be prevailed upon to address us again next season. The other was the illustrated lecture upon "Bonds" by Edmund D. Fisher, Deputy Comptroller of the City of New York. Mr. Fisher delivered what he termed a "composite

talk" beginning with a general analysis of bonds, both railroad and municipal, then illustrating the different forms of such instruments and showing pictures of the actual improvements for which the bonds were issued and closing with a brief discussion of the economic principles underlying the whole. This was probably the best of the lectures Mr. Fisher has given us, and it is an inspiration to know that we may always count upon his active co-operation.

The evenings devoted to public speaking have been most profitable. In the language of Mr. Clements, Chairman of this Committee, "To listen to Rosendale's talk on Religion, Billman on Life in a City, Birmingham on the Blessings of a Bachelor, Stevens on the Renomination of President Taft, Schultz on the Jury System, Jung on Socialism, Hann on the Central Bank, and two score other men on as many varied subjects should be big enough attraction to bring men even from the wilds of Jersey and other suburban places." It is planned next season to make this a part of our English course, by the end of which we shall undoubtedly be able to furnish "orators for all occasions."

While it is always a pleasure to record promotions of chapter men, it is with especial gratification that we note the advancement of Ernest W. Davenport and Charles E. Meek to the positions of Vice-Presidents, and Raymond B. Cox, Charles E. Fox and Edwin T. Ross to the positions of Assistant Cashiers of the Fourth National Bank. While we can only claim Mr. Cox in a general way as President of the American Institute of Banking, it is hoped that we may corral him in the near future for New York Chapter, which will give us a more intimate claim upon his services. The other gentlemen are all our own, and as the head of this bank recently said at a dinner tendered to him by the Board of Governors of New York Chapter, that he considered the chief characteristics of the successful banker to be "Character, calibre, personality, vision, faith, sympathy, tact, leadership, and adaptation." It is fair to assume that each of these gentlemen possesses said traits in a marked degree and both they and their institution are to be congratulated.

Other changes and promotions which have come to our members during the past month are as follows:

Our very efficient Chairman of the House Committee, Robert B. Hungerford, has transferred his labors from the Chelsea Exchange to the Bryant Park Bank. While the Chelsea has lost one good man they have gained another in Charles F. Cornell. Mr. Cornell is now Assistant Cashier and Manager of the Broadway Branch of the Chelsea Exchange Bank, at 97th Street and Broadway, which was opened on March 4th. Mr. Cornell comes to the Chelsea from the Century Bank.

William Thompson last month was promoted to the position of paying teller in his Institution, the Second National Bank. Mr. Thompson is one of our "regulars" who says little but is continually "sawing wood" and this is the result.

H. F. Donnelly formerly of the New York Produce Exchange Bank has been captured by the Jefferson Branch of the Century Bank for its Credit Department.

Myron J. Brown, formerly Assistant Secretary and Treasurer of the Empire Trust Company has been elected Secretary of that company succeeding the late H. M. Gough.



From the First National Bank of Roselle, N. J., comes the glad news that John M. Walsh has been elected Vice-President and Cashier, and Frederick G. Cole, Jr., has been elected Assistant Cashier. Even in Jersey, New York Chapter is making itself felt.

H. W. Van Wagner, formerly manager of the Hancock Branch of the Peoples Bank of Brooklyn, has just been elected Assistant Cashier of the Nassau Union Bank of Glen Cove, N. Y.

S. J. Brooks, formerly Assistant Cashier of the Colonial Safe Deposit Company has been appointed Assistant Secretary of the Equitable Safe Deposit Company, and George V. Drew has been appointed Assistant Manager of the Colonial Branch of the Equitable Trust Company and Secretary of the Equitable Safe Deposit Company.

As stated last month, the regular ticket for officers and governors of New York Chapter has been named, but other nominations may be made upon a petition signed by twenty-five members representing at least five different banks, said petition to be filed and posted during April. Milton L. Wicks, formerly an active chapter man and educational worker, now with the Burns Detective Agency, has met these requirements, and thereby placed himself in nomination for the office of Secretary, therefore the complete list of nominees to be voted for at the May elections are as follows:

Regular nominations for officers:—For President, E. G. McWilliam, Irving Savings Institution; for First Vice-President; Henry Billman, North Side Bank, Brooklyn; for Second Vice-President, C. C. Seifert, Fourth National Bank; for Secretary, H. S. Schultz, Chapter Rooms; for Treasurer, H. M. Baldwin, Title Guarantee and Trust Co.; for Chief Consul, C. H. Stevens, Harris, Forbes & Co.; for Secretary Board of Consuls, J. B. Birmingham, Citizens Central National Bank; for Librarian, L. H. Ohlrogge, National Park Bank.

Nominated by petition:—For Secretary, Milton L. Wicks, Burns Detective Agency. Regular nominations for Governors to serve three years: E. H. Callanan, National Bank of Commerce; C. W. Cary, Metropolitan Trust Co., V. F. Hann, Fifth Avenue Bank; A. W. Hudson, Windsor Trust Co.; W. C. Hutton, New York Produce Exchange Bank; H. Kinsey, Williamsburg Savings Bank, Brooklyn; G. L. Pegram, Metropolitan Bank; J. H. Thompson, Guaranty Trust Co.; W. H. Radcliff, Westchester Trust Co., Yonkers; F. C. Riggs, National Newark Banking Co., Newark.

#### OAKLAND.

By George W. Ludlow.

**N**INETEEN members took the final examination in the course in Banking and Commercial Law. The close was composed largely of men of some age and experience but the fact is nevertheless gratifying that all received percentage marks of over eighty.

On April 4th Prof. Henry Morse Stephens, Dean of the Department of History of the University of California, delivered a lecture on the Bank of England, which was exceptionally well attended. It was voted the best lecture of the year.

The winners of the annual chapter adding machine

contest were 1st, W. A. Stuart, 2:38, Central National Bank; 2nd, J. E. Jacobus, 2:43 1-5, The Oakland Bank of Savings; 3rd, W. S. Quan, 2:46 1-5, First National Bank of Oakland. Mr. Quan has the unique distinction of being (so far as we know) the first Chinese to qualify in an adding machine contest on the Burroughs Machines. Contest was on 150 checks.

On April 18th the third monthly smoker was held, and City Treasurer Edwin Meese gave an informal talk on the "Collection, Handling and Disbursement of Municipal Revenue."

The election of delegates to Salt Lake will be held about the 16th of May.

#### PHILADELPHIA.

By Thomas W. Smith.

**W**ITH our meeting in May, Philadelphia Chapter will bring its season to a close. The present year has been with us one of progress, spelled in large letters, and no less than former years the organization has gone ahead steadily and today serves a greater part in the banking community here than ever before in its history. And that the management of banks more generally are awaking to the fact of our strength and helpfulness to them in training men is more evident than ever. We sincerely hope so at any rate and that it will result in a financial support from the banking institutions in the near future, which will open a way for larger and permanent chapter rooms, as we have about outgrown our present quarters.

The chapter's banquet was held recently and this year brought out a larger attendance and greater enthusiasm than ever before. Over six hundred covers were laid and a goodly number of subscriptions which came too late to receive accommodations were returned. It was indeed a glorious occasion, filled with good fellowship, good speeches, good music and all that goes to make such a "holiday" gathering a thing to look back upon with fond memories. The committee has received unreserved commendation for the splendid way in which the whole affair was carried out and there is not a member who attended who could help but feel a greater pride in his chapter and the Institute.

Not only was this a function of importance locally—it being one of the largest and most successful of banquets held in our good city this season—but it would appear from the number and standing of the bankers who attended from other cities that, as said before, the Institute is taking greater prominence in local and national financial circles.

On Friday evening, April 12th, we had our old friend and member, Howard Wolfe, over from New York, to give those who are "holding back" from adopting the Numerical System "a talking to." He and President Cox of the A. I. B. spoke at some length on the merits of the system and made a very able presentation advocating its adoption "to help ten thousand transit men in the United States, as against a possible inconvenience to about two hundred analysis men." This, it appears to us, is a telling argument in its favor.

At this meeting the following resolution was introduced and passed:

In view of the continued growth of Philadelphia Chapter and the large number of members associated with the larger banks and trust companies, it has been suggested that the welfare of chapter work and its usefulness to chapter members would be advanced by the establishment of a "Corps of Consuls."

This plan contemplates the selection of a chapter member from each institution, who shall be known as a "Consul," and whose duty it shall be to keep fellow-members and non-members informed about chapter plans, and through whom members may be brought more closely and actively in touch with chapter work than is possible with the limited Directorate of Governors.

Believing that such an organization will tend to enlarge chapter influence and result in a greater degree of interest on the part of members, therefore

Be it resolved, That the Secretary shall forthwith request chapter members in each institution to meet as soon as possible and select one of their number to act as Consul, and communicate to the secretary the name of the member so chosen. If members associated with any institution shall fail to elect a Consul by the first day of May, the president of the chapter shall appoint a member from such institution to act as consul, and notify the secretary of such appointment.

The secretary shall then call a meeting of consuls to organize and elect one of their number "Chief Consul," and one to act as "Secretary." The consulate, so constituted, shall meet from time to time at such place or places as it may select and discuss chapter plans and formulate recommendations for the improvement of chapter work. They shall delegate five consuls to meet at least twice a year with the Board of Governors and submit such recommendations to the Board.

The expenses incident to the meetings of Consuls shall be paid from the chapter treasury, when properly certified to the secretary of the chapter by the secretary of consulate.

This action was proposed because of a growing feeling on the part of both the members and the Governors of the chapter that they were not in as close touch with each other as they should be. The members felt that they should be more fully advised as to the deliberations and settled policies of the Board—and, on the other hand, the Board has desired to keep its ear closer to the ground for the benefit of all. We think we have found the solution for this difficulty and it is expected that through the operation of this resolution, the interested individual members will be brought into more intimate relations with the Board as will also the groups of men composing the members from the different classes of institutions, such as national banks, trust companies, savings banks, etc., and if they have any demands to make, this means will enable them to receive their proper attention in an orderly way by discussion in meeting in the banks themselves and by presentation through the Consuls to the Board or the whole body of the chapter.

We are publishing the resolution, thinking it might be serviceable to other chapters which have met with the same real difficulty of keeping informed on matters "talked about behind the scenes," amongst the "rank and file" as well as in Board meetings.

The classes in Banking and Finance, and Banking and Commercial Law, have completed their courses of study and the interest of the members is now centered on the final examinations. The classes have been well attended and all concerned feel that they have been of immense value. As an evidence of their appreciation of the manner in which Franklin Spencer Edmonds has conducted the class in Banking and Commercial Law, the members of the class have planned a dinner in his honor to be given on the evening of May 4th to which they have also invited the officers of Philadelphia Chapter and the members of the Educational Committee. A most enjoyable evening is expected.

## PITTSBURGH.

By A. T. Eyster.

ON April 9th a banquet was given to the winning team in the membership campaign, at the Fort Pitt Hotel. About fifty of our members were in attendance although only fourteen were the recipient of prizes which consisted of fine stick pins. After the dinner the prizes were distributed by H. E. Hebrank, President of Pittsburgh Chapter, who had a few words of congratulations for every one. C. D. Richardson, captain of the winning team, responded with a few words of thanks on behalf of the team, and altogether the affair was a very pleasant one. This ended one of the most successful membership campaigns held by the local chapter.

A committee consisting of the following members has been appointed to help secure the co-operation and introduction of the new Universal Numerical System in Western Penna. and Eastern Ohio. W. M. Bell, chairman, Bank of Pittsburgh, N. A.; E. S. Eggers, Union National Bank; D. C. Shaw, 2nd National Bank; V. C. Boggs, Columbia National Bank; M. J. Fleming, Farmers Deposit National Bank. The committee has been working hard and has held several meetings. Some letters have been sent to all banks in this locality signed by the above Chapter Committee, and also by all the large banks of the city asking for co-operation along this line.

It shows that while the American Institute of Banking is purely an Educational body in itself, yet it is ever ready to lend its assistance to every good reform in banking that presents itself and we are indeed glad to say that the help offered is being appreciated.

By the time this Bulletin goes to press, Pittsburgh Chapter will be getting ready for their annual election and while everything at present is quiet, it will soon be just the opposite, for the different candidates will soon be in the field all trying their hands at political work. The election will be on the 28th.

On February 23rd, Professor Kay completed the course in Public Speaking and Debating. This course has been of very great benefit to Pittsburgh Chapter and many of the members are hoping Professor Kay will return in the future. That Pittsburgh won the inter-city debate with Cincinnati was largely due to his wise training and leadership. After Professor Kay's lecture, Dr. Holdsworth delivered a lecture on "The Modern Trust Company." Also on Friday, April 26th, he delivered a lecture on "Banking Reforms." Both of these lectures were given in his usual masterly style and were well attended. It was necessary to give the second on Friday in order to complete the courses that have been prescribed for the year. Pittsburgh Chapter has had one of the most, if not the most successful year in its history and on every side is heard praise for the energy and foresight of the officers who have been at the helm.

## ROCHESTER.

By C. F. Rothmeyer.

THAT no Rochester chaptergram has appeared in the Bulletin the last two months is no indication that the chapter is not alive. The fact is, we have expended nearly all our energies in the edu-

cational direction and have also concentrated our efforts on an object of especial interest to us, our annual banquet, and consequently social events were set aside. When the committee, composed of Wm. Stackel, Chas. Boorman and Paul Aex, were appointed to arrange for a banquet they resolved that nothing should be left undone to make this an occasion such as the chapter has never before enjoyed. How well they succeeded was shown by the large gathering of bank men who assembled at Powers Hotel on the evening of April 23rd. Nearly 250 were in attendance, including guests from Albion, Medina, Utica, Cooperstown and Canandaigua. The banquet hall was tastefully decorated with large bouquets of Killarney roses. White carnations formed the individual favors. As a decoration for the table of the honor guests asparagus fern and Easter lilies were used. The musical program was alternated with the singing of popular songs which had words written for the occasion and contained personal hits that brought out considerable laughter. Following the dinner, the program for the evening was begun with an invocation by Rev. Franklin F. Fry, after which John Henderson, President of the chapter, introduced Judge John D. Lynn as Toastmaster, and the following toasts were responded to: "The Banker and the Changing Era," E. St. Elmo Lewis, Detroit; "Co-operation," O. Howard Wolfe, Secretary of the Clearing House Section of the American Bankers Association; "The Numerical System," J. A. Ward, Cleveland; "Confessions of a Publicity Man," Fred. W. Ellsworth, New York; "Efficiency," Raymond B. Cox, President of the Institute.

Mr. Lewis, the first speaker, was to have spoken on "Bank Advertising," but he combined that subject with the one on which he addressed us, bringing out many points in an interesting and witty manner. He remarked that bank advertising has ceased to be a joke and has become a serious question. Advertising is the voice of the banker making itself heard in the market place. He cited the story of Ford, the automobile man, who ran his first machine through the streets of Detroit seeking money to back him in further developments of the "Choo-Choo" wagon, and finally succeeded. He said the bankers of the city soon found it necessary to learn all they could about the automobile in order that they might be able to handle the business it brought them. He further stated it was due to the bankers of Detroit that that city has become the automobile center of the world.

Mr. Wolfe, in his address on "Co-operation" spoke of how the Clearing House had come to the aid of the banks during the panic of 1907. In his closing remarks he led up to the subject of the address of Mr. Ward, who explained to us the Numerical System so clearly as to leave no doubt in our minds of its practicability and that it will greatly facilitate the handling of checks when once universally adopted. Some of the Rochester banks have already put this system into practice as the result of Mr. Ward's visit here.

Mr. Ellsworth, in his "Confessions of a Publicity Man," spoke of some of the business trials that confront the banker in demands for advertising, contributions to funds and personal donations. The banker, he said, is made the target of many attempted frauds. The most amusing confession drawn from

Mr. Ellsworth was a case of a lady solicitor, who after vainly trying all her means of entrapping Mr. Ellsworth, finally appealed to his good looks. This was too much for Mr. Ellsworth and he closed the contract at once.

Although the hour was getting late when Mr. Cox, the last speaker, took up his subject, he held the audience in rapt attention, for he had a message that appealed to every man present. Mr. Cox explained that as two of the first speakers had somewhat encroached upon his subject, "Efficiency," and had brought out a number of points which he had intended to touch upon in his address, he would give a general talk on the object and work of the Institute. He dwelt upon the educational value of the Institute, how it transformed the views of the bank man so that he saw something more in a pile of checks than so much paper and the amount it represented, and that a ledger meant something different to him than columns of figures. In an interesting manner Mr. Cox reviewed the work of the fourteen thousand members of the Institute in seventy cities, extending from Seattle in the north to New Orleans in the south, and from San Francisco in the west to New York in the east. He showed by apt illustrations how in these different cities the members were working just as hard as Rochester Chapter to improve their standing in the financial world. Mr. Cox reminded us that banking was the most dignified of all professions and that the public expected more of us than of any other class of people.

In the list of Fellows elected this year as given in the April Bulletin it will be observed that Rochester has been favored with another member in the person of our President, Mr. Henderson. Every member of the chapter will acknowledge that he is entitled to this honor for the interest he has always taken in the work here.

## ST. LOUIS.

By G. Prather Knapp.

**S**T. LOUIS CHAPTER held its annual election of officers, at a smoker on April 25th. Frank C. Ball, Safe Deposit Officer of Mississippi Valley Trust Company, was elected to the Presidency without opposition. The Vice-Presidency went to H. C. Claudy, of the Franklin Bank, and J. E. Uhrig, of the St. Louis Union Trust Company, was elected Secretary-Treasurer.

The Board of Governors for the year 1912-13, will be constituted as follows: Henry H. Aehle, of the Mercantile National Bank; R. W. Eugbee, of the Mississippi Valley Trust Company; Jno. J. Scherrer, of the Central National Bank and Fred L. Denby, of the St. Louis Union Trust Co. and the executive officers, as above.

After the business of the meeting had been transacted, short talks from former officers and other prominent members, filled up the evening very pleasantly and the speakers were unanimous in their approbation of the chapter's progress this year along educational lines.

Delegates to the convention at Salt Lake City were chosen and tentative plans for next year discussed.

The elections being over, interest centers upon preparations for the annual banquet, which will close the season of 1911-12, on Thursday evening, May 9. The festivities will be held at the Planters Hotel.

The chapter is congratulating itself upon the acceptance as toastmaster of Walker Hill, President of the Mechanics-American National Bank, and those who have been present at other banquets, over which Mr. Hill presided, are already chuckling in anticipation. Other prominent men have been invited to be present as guests of the chapter, and among those from whom acceptances have been received are; Hon. Elliott W. Major, Attorney General of Missouri, Hon. Frederick N. Judson, one of the brightest luminaries of the St. Louis Bar, and Geo. A. Mahan, State Chairman for Missouri of the National Association for Currency Reform.

The last of the chapter's special educational features was a lecture on the Administration of Estates, by Frederick Vierling, Trust Officer of Mississippi Valley Trust Company, a nationally recognized authority on this subject. Mr. Vierling's lecture was delivered April 18, at the lecture hall, at the Y. M. C. A. building, and brought out one of the largest audiences which has attended any chapter meeting this year.

### SALT LAKE.

By T. W. Ball.

IT has been the custom of our chapter since its re-organization to hold an annual adding machine contest. This event is always looked forward to with a great deal of interest and proves to be one of the biggest attendance nights of the year. This year's contest was one of the most interesting ever held here and after the smoke had cleared away and the machines had stopped throwing off heat it was found that the three entries from McCornick & Company's Bank (clearing house bank No. 3) had copped off the three prizes. S. E. Fernley managed to list 250 checks in 3:47 3-5. H. E. Keller listed the same number in 3:56 1-5 and M. S. Saville did the job in four minutes flat. After awarding the prizes there was an open discussion between the other contestants as to what the exact difference was between being a pig and being a hog.

We are progressing nicely with our course in Banking and Finance and will have covered the complete course by the closing meeting of this season.

The great interest is now centered in the coming convention. Plans are rapidly shaping themselves and we feel safe in saying that the delegates to the Salt Lake convention will have the time of their lives. One of the most interesting features for the entertainment of the delegates will probably be the trip to Bingham and Garfield to see the Utah copper mine and the mills and smelters. We think that this will be a very good way to acquaint the delegates with the states greatest industry, mining.

It must be understood, however, that Utah is not a one-metal producing state. In 1908 we were third among the states of the Union in the production of

lead, fourth in silver and copper and fifth in gold. Mining began in Utah in 1863 with the location of the old Jordan and Galena in Bingham Canyon by General Connor, then commanding officer at Fort Douglas. The first shipment of ore was made in 1869 from the Emma mine, which later produced \$9,000,000 and was sold for a fabulous sum to an Englishman. The development of this mine gave an impetus to mining in this state and resulted in an influx of capital and prospectors. Many famous producers were soon developed and the dividend record of these mines affords a fascinating study and tells of the fortunes made by those who discovered them. Our mining is not confined alone to precious metals. We have a coal area which is estimated 13,130 square miles. So far 17,440,000 tons of coal have been extracted from these fields and the estimated accessible remainder is 196,458,000,000 tons. Other minerals found in abundance in different parts of the state are salt, saltpeter, soda and nitre, alabaster, pumice, natural soap, lithographic stone, antimony, quick silver, asbestos, mineral paints, ozakerite, vanadium and uranium, also gems of rare beauty.

As stated previously we expect to be able to take the delegates to Bingham, about 25 miles from the city, to see the Utah Copper mine, over the Bingham & Garfield road. The road is owned entirely by the Utah Copper Company and was built at a great cost. Its construction necessitated the solution of some very difficult engineering problems. The first ten miles of the road is through a very mountainous country containing many canyons which had to be bridged. It was also necessary to do a great deal of tunnelling, there being four tunnels totalling in length 4,795 feet. The cost of constructing the first three miles totalled \$1,170,000 and of the first mile \$592,250. There are three steel viaducts in Bingham Canyon, one 690 feet long and 190 feet high, one 640 feet long and 225 feet high, and one 670 feet long and 188 feet high. The concrete foundation under all these viaducts were carried down to solid rock which necessitated going in some cases 95 feet below the surface. The locomotives in service on the road are the Mallet type, weighing 625,000 pounds including the tender, 457,000 pounds, being on the 16 driving wheels. The length of these engines is 90 feet, 6 inches.

### SAN FRANCISCO.

By Wm. A. Marcus.

THE April event of the San Francisco Chapter was the annual vaudeville show at the Scottish Rite Temple Auditorium, Thursday evening, April 11th, 1912. The program as presented was: selection, by the orchestra; musical novelties, E. O. Kaufmann and Wm. Rattray; specialty dancing, Mile. Primrose and Arthur Summerfield; F. M. Norris presents his talented children, Marian and Kenneth; A Night in the Gymnasium, Olympic Club; After Banking Hours, Byron Mobbs and Tom Cone; The Servants in the House; Alfred McKinnon, Harry McKenzie, Mrs. Franklin and Miss Josephine McDonough. Following the show an informal dance held sway until midnight.

Active interest has been taken by many of the Institute men in the project of a Country Clearing House System. Such a system has worked to great advantage in Boston, Kansas City and other centers, and it is hoped that the reports of the A. I. B. Transit Committee will cause some action to be taken by the San Francisco banks.

At the annual election, the following officers and delegates for the coming year were chosen: President, Thos. G. Spillane; Vice-President, M. R. Clark; Secretary and Treasurer, Wm. A. Marcus; Governors, C. C. Bossi, E. A. Breckenfeld, Grant Cordrey, J. S. Curran, T. E. Day, R. C. Gings, Wm. Hallahan, Victor Klinker, Geo. E. Lawton, R. A. Newell and J. I. Rordan. Delegates; Louis Becker, Wm. A. Day, E. C. McMillan, Edw. Moffatt, R. A. Newell, Paul A. Pflueger, R. F. Schlingheyde, Elmer Shine and Thos G. Spillane.

As Wm. A. Day, the retiring President, is the Western candidate for member of the Executive Council from the Fellowship Class, the following resolution is apropos:

Whereas San Francisco Chapter, American Institute of Banking, is one of the oldest and largest chapters of the Institute, its present membership numbering over 425 and

Whereas, during the ten years of its existence, it has made no effort to secure a political office for anyone of its members, and

Whereas, during the past two years San Francisco Chapter has had as President a man of extraordinary energy and ability, who has instilled enthusiasm into the organization and brought it up to a high standard, and

Whereas, his term of office as President is now about to expire and it is deemed for the best interests of the American Institute of Banking that he be retained as an officer of the Institute in a larger capacity;

Therefore, be it resolved that we, the members of San Francisco Chapter, American Institute of Banking, realizing that William A. Day would be of inestimable value as a member of the Executive Council of the American Institute of Banking, hereby nominate and heartily endorse him for that office. We also express the esteem in which we hold Mr. Day, not only because of his selection as a bank official on the basis of merit alone, but also as a man and a friend, approachable, companionable, genial, constructive and farsighted, he has contributed freely of his time and energies to the American Institute of Banking. Displaying, always, in a marked degree, the highest type of business judgment and discretion, possessed of the qualities and the experience necessary to inspire confidence and loyalty, persistently adhering to the educational ideals so necessary to the success of the Institute, he has sacrificed much of his time and given his best efforts to the betterment of his fellows.

Resolved, that a copy of these resolutions be forwarded to Mr. Day, and that he be urged to accept the nomination thus tendered to him by his loyal chapter.

## SEATTLE.

By Ross MacDonald.

THE annual banquet of the Seattle Chapter is an event that is growing in importance each year. That this year's should have surpassed in the essential factors of attendance, interest and cuisine the entertainments of a similar nature offered by our

chapter in the past perhaps was only an expected and fitting corollary to the growth our chapter has made this season all along the line of Institute endeavor.

Tuesday evening, March 28, was the time chosen, and when the Rev. Charles Gill of the Madison Street M. E. Church arose to ask the invocation there were gathered together about three hundred Seattle bankers and bank men in the Rathskeller room of the New Washington Hotel. Practically every bank official in the city was present. With the exception of the table reserved for the speakers and the chapter's guests of honor—P. C. Kauffman of Tacoma, Secretary of the Washington Bankers' Association; R. H. MacMichael, former president of the American Institute of Banking; George A. Dixon, President of Tacoma Chapter, and George F. Hannan, our educational director—the guests were seated at round tables in groups of eight. Beside each plate was a boutonniere, a menu in the chapter colors and a program of the songs to be sung and the chapter yells. It was foreseen that the enthusiasm would reach such a pitch it would require some outlet and in anticipation of this need several of the chapter poets had prepared verses to be sung to familiar airs. These perhaps were stronger on enthusiasm and sentiment than on meter, but they suited the spirit of the occasion and there were no dull moments between the courses. Wagner's orchestra played during the courses and the Knickerbocker quartet sang several selections more than they intended, as the applause was too great to be ignored. The big surprise feature, however, came in the shape of the "Bankers Rubber Band," led by Harry Colwell, who wore medals enough to make Sousa jealous. It was noticed that several of the chapter's sweetest song birds were grouped together and when they arose and produced what was apparently all the paraphernalia of a circus band from under the table a rare treat was expected—and it arrived in schedule time. The instruments were not quite what they seemed. In fact, they were quite reminiscent of the "bazoo" but nevertheless the "band" could without exaggeration be termed a success even if it did get wound up on "Alexander" and couldn't run down.

Finally when the demi-tasse and cigars had arrived and the guests had begun to appreciate why the New Washington is fast becoming known as one of the National hotels, President Norris in a few well chosen words welcomed the guests, reviewed the accomplishments of the chapter during the last year and introduced the toastmaster, Hon. W. A. Peters. From Mr. Peters' first innocent remark that "he didn't know why he was chosen for toastmaster as his connection with banking might be termed entirely a collateral one" until he dismissed the diners, he kept the room in a gale of laughter with his quiet humor and his witty introductions of the various speakers.

The first speaker was J. C. Norman, Assistant Cashier of the Dexter Horton National Bank, who chose as his subject "The Institute and Its Work." Mr. Norman spoke from an intimate knowledge of his subject, as until his recent promotion from our ranks he was always one of the liveliest wires in our chapter—so much so that we still feel a sort of proprietary interest in him. His address in full will be found in another section of this magazine.

"Ancient Banking" was the theme chosen by Senator Josiah Collins. If the subject sounds dry the treatment accorded it by Senator Collins was not. He covered the history of banking from what he conceived to be the first mention of it, "when Pharoah received a check on the Red Sea from the Children of Israel" until the pioneer days of banking in Seattle when his friend and fellow pioneer Dexter Horton opened the first banking institution in this city, which has since grown into the Dexter Horton National Bank.

J. E. Chilberg, Vice-President of the Scandinavian-American Bank and President of the Alaska-Yukon-Pacific Exposition, is always sure of a warm welcome from Seattle Chapter and his address on Seattle Bankers was listened to with greatest pleasure. Mr. Chilberg emphasized the very cordial feeling existing among the members of the Seattle Clearing House, and the broad construction spirit in which the bankers of Seattle try to do their part in the upbuilding of our own particular city and of the entire Pacific Coast.

As one of the Clearing House Committee Mr. Chilberg took occasion to congratulate our chapter on the results accomplished this year and to assure us that the support accorded us from that quarter which has always been more than generous, would still be forthcoming. In closing Mr. Chilberg referred to his recent trip to San Francisco as one of the committee to select a site for the Washington State Building at the 1915 exposition. He aroused great enthusiasm by declaring that—"From all I learn the San Francisco Exposition will be the most beautiful as to grounds, the greatest as to buildings and exhibits of any exposition ever held; and I am glad it is to be given here on our own Pacific Coast by our own kind of people."

No banquet is complete without an address by a representative of the clergy, and Rev. Francis J. Van Horne of the Plymouth Congregational Church with his address on "N. S. F.—Not Sufficient Funds," must have caused some of the unregenerates to wonder if after all they don't miss something every week by taking those little fishing trips. Dr. Van Horne dwelt particularly on the "Bank of Health" and the "Bank of Morals," and asked his hearers to take heed that in these latter days of strenuous endeavor and wonderful material advancement that their drafts on these banks be not returned marked N. S. F.

One of the most eloquent addresses of the evening was given by Mayor George F. Cotterill with "Seattle" as his subject. He told how it had always been planned even by the earliest pioneers that here was the best site for a world city on the Pacific Coast, and how it was significant that the first settlers named their town "Alki," which is the Chinook for "Eye and Bye." He pictured the development that would follow the opening of the Panama Canal and the awakening of the vast Orient, and stated that our destiny was in our own hands to be made or to be marred during the next decade.

The last address of the evening was given by John H. Powell on the "Needle's Eye." In his own inimitable vein Mr. Powell dilated on the troubles of being rich and the difficulties of the rich man in getting into the Kingdom, but concluded by saying

that he thought there wasn't really much cause for worry nowadays because if you do get rich somebody gets it away from you.

This in brief was the Seattle Chapter's banquet, but before closing a word of praise is due Joseph C. Glass of the Bank of California who served as chairman of the Arrangements Committee. Associated with him on the committee were R. Hayes Wilson, J. H. Newberger, George A. Bruce, Ross McDonald and James Valentine.

The address of Mr. Norman was as follows:

The American Institute of Banking is worthy of attention and consideration, not merely by those connected with financial institutions, but should attract the attention of men engaged in other pursuits. It has received attention in the past, and will continue to receive further consideration in the future. Only a few days ago, at the meeting of the Executive Council of the Washington Bankers Association held in Tacoma, a resolution was offered by Chas. A. McLean, President, and unanimously adopted, extending to each chapter the right to send a delegate to the annual convention of the Washington Bankers Association and extending all the privileges of the floor except the right to vote.

The origin of the Institute dates back to the year 1800, when a petition was presented to the American Bankers Association, then in session in Richmond, requesting that the association take up the question of educating bank clerks in the theory and practice of banking. This petition was referred to a committee for consideration, had after carefully investigating the matter, the committee recommended that appropriate steps be taken to get the plan started. Chapters were soon thereafter organized in several cities for the purpose of systematic study and research of banking subjects. The earnestness with which this work was carried on, and the apparent benefits derived, created a greater interest, until now we have chapters located in every leading city in the United States, with a total membership of about 32,000.

The object of the Institute is to establish and maintain a recognized standard of education by means of official examinations and the issuance of certificates. The study courses are conducted under two general titles—Commercial and Banking Law, and Banking and Finance, and cover the theory and practice of banking and such principles of law and economics as pertain to the banking business. It aims to develop and broaden the sphere of activity of the bank men enabling them, by persistent study, to acquire knowledge not obtainable, except by extended research in voluminous books.

The study course first takes up the subject of what constitutes wealth, and the factors of wealth production, discussing the relation of land, labor and capital to production. The distribution and consumption of wealth, the advantages of exchange, the uses and value of money, the demand and supply and the conditions which influence prices and rates of interest; credit and its relation to banking, and the essentials in granting same.

It teaches the development of banking institutions in this and other countries; the requirements prescribed by the government in the organization of a bank, the general plan of examination and it also aims to provide a general knowledge of the interior workings of a bank, accounting and bookkeeping, collections and transits, loans and discounts, how handled and the forms used.

Under the head of Commercial and Banking Law, it discusses the principal of commercial law, business contracts and their essentials, agency and trusteeship, partnerships and corporations; negotiable instruments, rights and liabilities of parties to bills and notes. It aims to inform every banker of the fundamental principals of law, which will enable him to decide intelligently, when occasion arises.

It is through the local chapters that the practical work is conducted. Seattle Chapter now has a class of about fifty men, who meet every Tuesday evening and before whom Mr. Hannan lectures on the subjects assigned, and at times, officers of the banks have consented to lecture to the chapter on subjects of practical banking. Much interest is being shown by various bank officers of the city in the promulgation of this splendid work, and it is hoped that this interest will continue to increase and grow.

In all branches of industry, the one important question is that of efficiency. How can men be trained up to their useful pitch of energy? When you have put the man where he can do his best work in the best way, for the best pay, you have gained the end sought. To gain the desired end, it is necessary to start right. The successful architect is the one who prepares careful plans before constructive work is attempted. The same rules should be followed by the bank man. He should plan his line of study and follow that plan with untiring en-

ergy. The best plans and the most energetic action will not bring you to the goal of success without persistency. It is the persistent man, with well directed plans, that reaps success.

The course of the Institute is the necessary plan for the development of the bank man along the lines of value to him. It aims to direct him to think along the right channels, bringing to his mind the necessary facts which he should know in the successful performance of his daily duties. To think right, is to act right. Every successful man is a thinker and doer. He has ideas and crystallizes those ideas in action. New ideas are advanced every day by men in a new way, and no one need hesitate, for ideas are ruling the world more than ever in its history. Carlyle once sat listening to the chatter of a lot of men, about the man of ideas and how ineffective he was. A pause came and the hard headed old Scot cut short further observation. "Gentlemen," he said, "there was once a man called Rousseau. He wrote a book, which is nothing but ideas. People laughed at him—but the skins of those who laughed went to bind the second edition of that book."

No bank man can take this educational course without having become better acquainted with himself; know his plan of action; have more ambition; have a desire to do better work; become more reliable, more enthusiastic, more loyal to the concern for whom he works, in short become more efficient.

## SPOKANE.

By W. N. Baker.

THE evening of April 17th will be long remembered with distinct favor by the members of Spokane Chapter and their guests, as the occasion of a most delightful and enjoyable gathering at the first "annual" banquet. It was held in the Moorish room of the Hotel Spokane, and covers were laid for one hundred and thirty-five. The interval between six and seven o'clock was devoted principally to an informal reception in the hotel parlors to give everybody a chance to become acquainted, after which the festivities began.

The menu card and program was in the form of a bank pass-book and was quite neat and attractive. The menu consisted of ten courses and Mein Host Norman extended himself to the utmost in providing all the delicacies of the season. While dinner was being served, the Silver Grill orchestra rendered an excellent program of classical and popular music, and Miss Pearl Ruh'e, vocalist from the Silver Grill, won instant favor with both her selections.

After the cigars were lighted, Chapter President Bradley, presiding as Toastmaster, first spoke briefly on the work of the A. I. B., and of the progress made by Spokane Chapter, then introduced the Hon. W. J. Hindley, Mayor of Spokane, who addressed us eloquently on "Life and the Money Test." President Chas. A. McLean of the Washington Bankers Association brought "Greetings from the Washington Bankers" and in the course of his remarks, he complimented Spokane Chapter upon the fact that the National organization had seen fit to recognize and honor our presiding officer with the office of Vice-President of that body. He announced that our chapter had been made an honorary member of the State Bankers Association, and would be privileged to send a delegate to their convention, which will be held in June. He told how the State Association encouraged the work of the A. I. B. and mentioned the second annual prize-essay contest, the subject of which has recently been announced, "The Banker and the Farmer, their mutual relationship under the pending educational movement." Mr. McLean expressed both the desire to see

Spokane even better represented this year than last, and the hope that the success of her contestants would be duplicated. He closed by enlarging on the four cardinal principles of a successful banking career, honesty, loyalty, efficiency and courtesy—with the accent on the last mentioned.

Joseph Baily, a past president of the chapter and Assistant Cashier of the National Bank of Commerce, responded to the toast "Institute Opportunities." Mr. Baily in the course of his remarks brought out the fact that the future bankers and financiers of this country will be drawn from the present membership of the A. I. B. In fact that many men already of national reputation are graduates from its ranks.

"The Banker and the Farmer" was the subject assigned to W. D. Vincent, Cashier of the Old National Bank, and a member of the Farm Educational Committee of the A. B. A. He told in an interesting way of how the movement had started, how it had been taken up by various state associations and what they had accomplished and finally what the National Association hoped to accomplish.

The toastmaster then called upon Samuel Galland of the Northwest Loan & Trust Company, President of the Spokane Clearing House Association, who assured the chapter members that the senior bankers were heartily in accord with the spirit and purpose of the A. I. B. and that their support could always be counted upon.

President-elect B. A. Russell, one of the delegates to Rochester, spoke briefly upon "Institute Conventions" and urged a large representation from Spokane at the Salt Lake Convention.

The principal address of the evening was delivered by the Rev. John H. Dietrich, pastor of the Unitarian Church of this city, who took for his subject, "Play the Game." Mr. Dietrich's words went straight home to his hearers, and it was with much regret on the part of all present, that he permitted himself such a brief time, owing to the lateness of the hour. His address, which closed the program, was a masterly effort and was much appreciated.

The musical features of the after dinner program were furnished by Hugh Winder, Cashier of the Union Park Bank and George C. Greenwood of the Old National Bank. Both these gentlemen are possessed of a high order of musical ability and their part in the evening's entertainment was a rare treat.

Too much credit cannot be accorded the Banquet Committee for the success of the undertaking. And in this connection, it must be said that much praise is due to Mr. Norman of the Hotel Spokane, for his part in carrying out the arrangements. He saw to it that the banquet hall was beautifully and appropriately decorated with flags and streamers of the chapter colors, orange and black; that the orchestra played lively strains while the dinner was in progress; and that the service was faultless; in short that nothing was too good for us and that we got everything that was coming to us.

Messrs. Bradley, White, Boileau, Gage, Snow, Brooke, Baily, Randall, Keown and Schiesl are the gentlemen to whom the thanks and appreciation of the chapter are due for a most pleasant and profitable evening.

This being the date of the annual election, an-

nouncement was made during the evening of the newly elected officers for the coming year, as follows: President, B. A. Russell, Washington Trust Company; Vice-President, Geo. C. Gage, Exchange National; Treasurer, W. E. Tollenaar, Old National Bank; Recording Secretary, W. N. Baker, Northwest Loan & Trust Co.; Financial Secretary, C. H. Hausken, Old National Bank; Corresponding Secretary, C. E. Cooper, Fidelity National; Executive Council, J. W. Bradley, Old National Bank, Thos. H. Keown, Bank of Montreal, and Thos. Roholt, Traders National Bank.

The delegates to the National Convention at Salt Lake City, are Jos. Baily, National Bank of Commerce, Thos. H. Keown, Bank of Montreal, Thos. Roholt, Traders National Bank, W. H. White, Spokane & Eastern Trust Company and C. E. Cooper, Fidelity National Bank.

J. W. Bradley will represent the chapter at the State Convention and will also deliver an address upon "The Work and Purposes of the A. I. B."

The election of B. A. Russell to the presidency was unanimous, Mr. Russell's popularity and ability being recognized to such an extent that no candidate could be found to oppose him. He has ably handled the duties of chairman of the Educational Committee, this past year and has been a member of the Executive Council of the chapter. He was a member of the delegation to Rochester last year, and his many friends in other chapters will rejoice at his being chosen to lead the destinies of Spokane Chapter during the coming year.

At the regular meeting of the chapter on April 2rd, the principal event of the evening was a debate between the Spokane & Eastern Trust Company and the Old National Bank. The question was "Resolved: That the proposed Parcels Post Bill will, if passed, prove a general benefit to the country." The affirmative was upheld by Chas. E. Alison and R. A. Coleman of the S. & E., and the negative supported by W. A. Kesler and C. H. Housken of the Old National. Both teams showed much preparation in their presentation of the subject. The debate was won by the affirmative. Immediately following the debate A. L. Porter, secretary of the Retail Lumbermen's Association, read a paper opposing the parcels post. Dr. J. Glen Harbison gave a short lecture on "Social and Moral Hygiene," which was well received.

### SPRINGFIELD.

By A. H. Hastings.

ON March 23rd Springfield Chapter held its annual banquet at the Kimball Hotel with about 175 present. Through the strenuous efforts of our President, Mr. Flag, the speakers secured were of unusually large calibre. O. H. Cheney, Vice-President of the Pacific Bank of New York City; A. E. Smith of Newark, New Jersey; and Edward J. Cattell of Philadelphia; being the speakers of the evening, with William W. McClench, President of the Massachusetts Mutual Life Insurance Company acting as toastmaster.

The chapter has secured Professor Crook of Amherst College to act as instructor in the study course which we have just taken up. We have had two lectures and the attendance has been very gratifying.

### SYRACUSE.

By W. H. Kniffin, Jr.

**B**ACKED by the almost unanimous support of the two hundred and twenty-five bank officers and employees of the city, Syracuse Chapter has come into existence under conditions exceedingly bright with promise. The atmosphere has been charged with chapter matters for two or three months and it was easy to bring affairs to a focus.

Naturally the first thing to do in such a movement is to get some of the high dignitaries to explain what the chapter is and does; and in this particular case the Educational Director performed good service with his usual acceptability, while Mr. Cox loaned the dignity of his presence and a few kind words to the meeting, which was held in the grand ballroom of the Onondaga, the swell hotel of Syracuse, on March 20th. Preceding the smoker, a complimentary dinner was tendered to the above named gentlemen, which was participated in by fifty of the leading bank men of Syracuse and vicinity.

No little credit belongs to Mr. Anthony Lamb, the efficient cashier of the Commercial National Bank, who has given generously of his time in the preliminary organization and promises to take the same helpful attitude toward Syracuse Chapter that Mr. Cannon has toward New York.

The constitution was modeled after that of New York Chapter and the organization will be governed by a Board of Governors of twelve, consisting of bank officers, one from each bank, and a Board of Consuls selected from the ranks, also one man from each bank. This will give the chapter representation from the officials of the banks as well as the working force, a factor highly desirable in the financial affairs of such an organization.

The first meeting was held on April 24, addressed by F. E. Ellsworth, Publicity Manager of the Guaranty Trust Company of New York, and Wm. H. Kniffin, Jr., late secretary of New York Chapter. The subject of Mr. Ellsworth's remarks was "Why the Institute Has Made Good." What he said follows:

The subject that I have chosen for my little talk tonight assumes that the Institute has made good; that the Institute has been successful in achieving that for which it was founded.

Perhaps the practical way to discuss this subject is to consider first, what is the purpose of the Institute; second, has that purpose been accomplished; and third, what are the causes which have contributed to the result.

First then, let us go back into history a little bit and determine just why the Institute was established. About twelve years ago certain members of the American Bankers Association reached the conclusion that the bank men of this country, because of the necessarily specialized nature of their work, were not, in sufficient numbers, receiving the training necessary to the development of well-rounded, intelligent bankers. This impression spread with more or less rapidity, and it was soon discovered that the logical thing to do was to organize an educational institution for the theoretical and practical education of bank men in the principles of banking and economics and kindred subjects. It was decided that the first move should be the organization of local chapters in the principal cities, and this was done. They were successful in point of membership, at least, right from the start, but it took most of them several years to evolve just that sort of an educational plan which would appeal to the average bank man.

This brings us to the second sub-division of our subject: "Has the purpose of the Institute been accomplished." Practically all of the chapters have passed through three stages. The first of these, which lasted with most of the chapters about two years, was one of intense superlative education. The pace was so fast that only a very few of the members were able to keep up with it. A reaction set in which carried the pendulum to the other



extreme, as was to be expected. And this swing of the pendulum consituted the second stage, which prevailed three or four years, during which banking education was applied largely by means of burnt cork and terpsichorean functions. Now I don't want you to understand by this that minstrel shows and smokers and other social affairs occupied the entire time of the Institute during this second stage. In spite of the predominance of the social features there was considerable honest, conscientious educational work done, all of which contributed materially not only to the current well-being of the Institute but to this later development which we are now experiencing.

You are all familiar with the third and final stage, for that is the one which now obtains. For about five years now, bank men all over the country by the hundreds have been taking advantage of the exclusive instruction in banking and finance which has been afforded by the Institute; and this sort of thing is not confined alone to the man in the city, for as you know the Correspondence Chapter gives the same instruction to the men in the small town who for obvious reasons is unable to associate himself with a city chapter. Over five hundred men who have taken these courses, have passed the necessary examinations and secured the Institute certificate, and thus become Institute graduates. And only last week I had the privilege of examining the outline of a plan for a post graduate course prepared by a committee recently appointed by President Cox. This plan contemplates quite the most ambitious program for the Institute that has yet been formulated, and will, I am told, project our organization into the financial and banking arena in a more significant manner than ever before. Details of this plan I believe will appear in the May number of the "Bulletin."

The Institute has made good. There is no question about that. The standard of efficiency among bank men has been materially and noticeably raised during the past ten years. Bank men from all parts of the country are continually contributing to the magazines and to the financial and daily press able and intelligent and learned disquisitions on financial and economic subjects that cannot fail to mould public opinion and assist in the correct solution of our national financial problems. Some of the very brainiest men in the American Bankers Association today are Institute men, and some of the committee in that organization that have become conspicuous because of things accomplished are made up largely of Institute men. Without wishing to indicate at all that it is necessary to be elected an officer of a bank in order to achieve the ultimate of success in the Institute, let me nevertheless offer as evidence that since the Institute was established, over seven hundred Institute men throughout the country have been made bank officers.

All of this testimony seems to bear out the assumption that the purpose for which the Institute was founded is being accomplished; that the bank men of the country are becoming better bankers; that their knowledge of the principles of banking are more fundamental and more comprehensive than they were ten or fifteen years ago; that the danger of a dearth of capable bankers which threatened twelve years ago is being eliminated, and by no less a force than the American Institute of Banking.

This being the case we approach the third sub-division of our subject—"The Why and the Wherefore."

The American Institute of Banking has made good, first, because it is the correct solution of a difficult problem. The problem, as I have already stated, arose because the existing modus operandi in the banks—the highly specialized systems which prevailed—prevented bank men from securing an all around knowledge of banking. Too many of the men were becoming mere machines, doing certain specific work without really knowing just why they were doing it. Among the larger banks especially it was becoming physically impossible for the employees during an entire life time to become familiar with the work in all of the various departments. This condition called for some sort of a remedy, and that remedy, which is offered through the American Institute of Banking, while it has not yet of course effected a complete cure, nor anywhere near it, is recognized as one which is fundamentally correct.

In the second place, the Institute has made good because it had the right kind of men back of it at its inception. It is no secret that when it was first proposed in the councils of the American Bankers Association to appropriate a large sum of money for the purpose of trying an experiment in banking education, there developed considerable opposition, and if the men who fathered the idea had not been men of profound conviction and sterling worth and large influence the experiment (for say what we will, it was nothing but an experiment at the beginning) would never have been tried. The American Bankers Association, the American Institute of Banking—indeed, the banking and business public generally, are indebted to these men for their prophetic vision for their firmness of purpose, and for their unselfish devotion to a good cause.

But far greater than either or both of the two reasons referred to, the Institute has made good because it has attracted to its ranks, with small exception, the keenest

and brainiest of the junior bankers of this country. I might pause here and eulogize ten or fifty or a hundred or more of the men in the Institute who have been active in its upbuilding but there is no time for that, and besides, you know these men, one and all, many of them far better than I do.

Suffice it to say that although when first established the Institute for very good reasons was tied firmly to the apron strings of its parent, it soon demonstrated its ability to walk alone, and these men to whom reference has been made, these alert, intelligent, capable young bank men who early appreciated the opportunity which had been presented to them by the American Bankers Association, are the ones whose work inspired the confidence of the parent and made possible the early severing of the apron strings.

Right through the history of the Institute those who have been interested in its development, both from within and from without, have been impressed by the character of the men, not only who have managed its affairs, but who have formed the rank and file of its membership. I think it is safe to assert that there is no organization in the country which surpasses our own in the quality of its personnel.

And when your chapter, the latest star to be added to the Institute flag, has been going for a few months and you have had an opportunity to size up your own membership, you will agree with me that the chapter has corralled almost without exception the very best men in your community.

Now let us see where we stand. We have determined why the Institute was founded. We have agreed that it was for the purpose of elevating the standard of banking education. We have reached the conclusion that that purpose has been achieved and will continue to be achieved so long as the present principles prevail. And we have given credit for the accomplishment of that purpose to the one and only cause which could make such a thing possible, and that cause is men—clean, capable, intelligent, upright, honest men.

The chapter starts off with the backing both moral and financial of practically the entire banking interests of Syracuse, together with keen anticipation of good things to come on the part of all the bank men of this section.

No heavy work will be attempted this spring, but study courses will be arranged for next year, and having Syracuse University to draw on for instructors, and the promise of ample funds for good work, Syracuse Chapter should be one of the small but thoroughly effective organizations in the Institute.

The officers for the first year are as follows: President A. W. Loasby, First National Bank; 1st Vice-President M. R. Ames, Syracuse Savings Bank; 2nd Vice-President W. P. Freeman, National Bank of Syracuse; Chief Consul Geo. L. Clift, State Bank of Syracuse; Secretary, W. W. Seymour, Trust & Deposit Co.; Treasurer, Geo. L. Lamb, Commercial National Bank; Librarian, J. J. Hughes, Merchants National Bank; Board of Governors, E. S. Tefft, First National Bank; C. A. Bridgeman, Merchants National Bank; Jacob Amos, Third National Bank; W. J. Bourke, Salt Springs National Bank; F. W. Barker, State Bank of Syracuse; F. L. Barnes, National Bank of Syracuse; Anthony Lamb, Commercial National Bank; L. M. Kinne, Trust & Deposit Co. of Onondaga; H. S. Tenney, Syracuse Trust Co.; A. N. Ellis, City Bank; H. D. Rose, Onondaga County Savings Bank; W. J. Reidel, Syracuse Savings Bank. Consuls, W. A. Boyd, First National Bank; R. E. Ashpole, Merchants National Bank; D. A. Hollister, Third National Bank; J. E. Gere, Salt Springs National Bank; E. W. Wilson, State Bank of Syracuse; Schuyler Baum, National Bank of Syracuse, S. H. Fyler, Commercial National Bank; M. V. White, Trust & Deposit Co.; L. J. Lynn, Syracuse Trust Co.; C. H. Sanford, Jr., City Bank; H. J. Englehardt, Onondaga County Savings Bank; M. S. Fitch, Syracuse Savings Bank.

WASHINGTON.

By Harry V. Haynes.

**W**ITH but three lectures in the course in Commercial and Banking Law to be delivered, Washington Chapter is preparing for the examinations which will be held in the near future. The course has been conducted with such regularity by Chairman Spaid that it is possible to finish at an early date, and it is pleasing to the men to know that they can undergo the examinations before the desire for outside pleasures takes too strong a hold.

Joshua Evans, Jr., under whose direction the work has been so splendidly planned and carried out during the past year, will retire as President of the chapter on the evening of May 9, leaving, however, nothing to be done except the reaping of the harvest. This will eclipse any previous event in the history of the chapter and, in all probability, will mark the beginning of a new epoch. Our efforts have hitherto been directed towards acquiring the Institute certificate and with fifty men in the ranks of the certificate holders, we feel that we shall have a formidable army to attempt the removal from the science of banking the intricacies which are seen from the higher levels. The contemplation of this higher and broader work is in itself a source of keen satisfaction, in that it will be above the ground floor of elementary principles and contain much of particular interest to the bank man.

There is a well defined sentiment among the men

toward discussing the questions of law which their daily duties might evolve, such discussions to take place before a moderator, learned in the law, who would be expected to render decisions, not according to the law and the evidence, but strictly according to the law. Charles A. Douglas, in his first lecture, incidentally observed that the surest way to learn something is to endeavor to teach it to some one else, it thereby becoming necessary to acquire a knowledge of that which you had led yourself to believe you knew. This suggestion will doubtless be given the consideration it deserves, and when we get to macadamizing the roads that lead to trouble, we shall all be careful that we make a thorough inspection of the materials and implements we propose shall be used.

Before anything definite is done respecting the future work consideration will have to be given it by the incoming administration in the light of the plan which will be presented by the committee on higher education, but the writer understands that the recommendation will be in the nature of a Chapter Forum, and the views of the Washington Chapter men are such that the Forum feature is just the thing they seek.

At the meeting of April 25, delegates to the convention to be held in Salt Lake City, Utah, were elected as follows: F. G. Addison, Jr., Wm. R. Baum, F. B. Devereux, C. H. Doing, Harry V. Haynes, E. E. Herrell, H. V. Hunt, E. T. Love, Frank Steison, A. M. Nevius, A. M. Nyman, H. J. Phelps, W. W. Spaid and H. E. Wilson.

AMERICAN BANKERS ASSOCIATION.

MORTUARY RECORD REPORTED DURING APRIL, 1912.

Anderson, Col. A. H.—President First National Bank, Finleyville, Pa.  
 Arbuckle, John—Director Importers & Traders National Bank, New York City.  
 Baldwin, Albert—Formerly President New Orleans National Bank, New Orleans, La.  
 Banks, Edwin—Trustee City Savings Bank, Bridgeport, Conn.  
 Barr, Thomas T.—Director Corn Exchange Bank, New York City.  
 Bello, J. S.—Vice-President American National Bank, San Francisco, Cal.  
 Blackman, C. M.—President First National Bank, Whitewater, Wis.  
 Blue, Clifton N.—Director Fourth National Bank, Fayetteville, N. C.  
 Boss, Cyrus—Cashier Detroit Savings Bank, Detroit, Mich.  
 Bringhurst, Jr., Edward—Vice-President Equitable Guarantee & Trust Co., Wilmington, Del.  
 Brown, J. J.—President Coeur d'Alene Bank & Trust Co., Coeur d'Alene, Idaho.  
 Comfort, Howard—President National Bank of Germantown, Philadelphia, Pa.  
 Coolidge, Jr., Thomas Jefferson—Vice-President National Bank of Commerce, Boston, Mass.  
 Cotton, Mary—President Citizens State Bank, Sabetha, Kan.  
 Deal, Walter F.—President Greenville Bank, Emporia, Va.  
 DeHaven, A. H.—Senior member of the firm of DeHaven & Townsend, New York City.  
 Hammond, James G.—Vice-President New Sharon State Bank, New Sharon, Iowa.  
 Harrity, William F.—Director Franklin National Bank, Philadelphia, Pa.  
 Hawk, Geo. W.—Cashier and Vice-President Parsons Commercial Bank, Parsons, Kan.  
 Huff, Geo. F.—Director First National Bank, Greensburg, Pa.  
 Jamison, Armstrong—President Citizens' National Bank, Latrobe, Pa.  
 Juden, J. R.—Assistant Cashier United States Safe Deposit & Savings Bank, New Orleans, La.  
 Lloyd, M. B.—President First National Bank, Fort Worth, Texas.  
 March, George Nathan—President Union Market National Bank, Watertown, Mass.  
 McKnight, J. T.—Vice-President People's Trust & Savings Bank, Galesburg, Ill.  
 Nichols, Chas. A.—Vice-President Springfield Five Cents Savings Bank, Springfield, Mass.  
 Parker, Rienzi B.—Director First National Bank, Hartford, Conn.  
 Paterson, Sylvester—President Security State Bank, Woodburn, Ore.  
 Penticost, Levi J.—President Pacific National Bank, Tacoma, Wash.  
 Ready, John R.—Vice-President Dade County Bank, Greenfield, Mo.  
 Rutherford, C. G.—President Bank of Gilby, Gilby, N. D.  
 Sears, Lemuel—Director City National Bank, Holyoke, Mass.  
 Snodgrass, D. S.—President First National Bank, Selma, Cal.  
 Sudman, Frederick—President First National Bank, Chappell, Neb.  
 Weeden, William B.—Director National Bank of Commerce, Providence, R. I.

