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BANKING SERVICE



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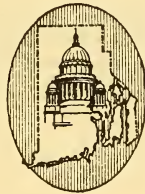
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BANKING SERVICE

What a Bank
with a Trust Department
Can Do for You



By
The Officers
of the
RHODE ISLAND
HOSPITAL TRUST COMPANY

Providence

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RHODE ISLAND HOSPITAL TRUST COMPANY
Providence, Rhode Island



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Foreword

A COMPLETE FINANCIAL INSTITUTION

THE principles underlying modern banking are today no different from what they were hundreds of years ago.

Originally, a man having accumulated a sum of money larger than he could put to profitable personal use, began to lend it to others who could make good use of it and who were willing to pay for the privilege. Later this same man, who had developed what might be called the "credit sense," *i. e.*, the ability of judging wisely as to whom a loan might be made with assurance that at the proper time it would be repaid, was asked by others to lend their money for them also. He accepted their funds to be placed out at interest, and shared the profits with the owners. These, we may assume, were the beginnings of the modern bank, and have continued without essential change to this day. Necessarily, there has been an expansion in the services of the bank in order to meet the developing needs of business and social life, but the primary function of banking is the same today as when originally conceived.

So close is the relationship today between business and banking, that it would be hard to conceive of either existing without the other. Certainly business could survive but a short time had it not some adequate source from which to supply its needs for working capital. And, on the other hand, banking never could be a profitable enterprise were it not for the interest received from the borrowings of business.

Thus, the bank serves as a financial reservoir, receiving and storing funds large and small from its many depositors. From this reservoir the money is diverted into various channels of usefulness, where it is made to produce something more valuable than itself and thus return a profit.

Few people there are in this day and age who are not directly or indirectly concerned with the banks of the country, hence few who are not interested in the many useful services rendered by the modern bank.

This book has been carefully prepared by the Officers of the Rhode Island Hospital Trust Company. We present it with the belief that the reader will find both interest and value in its explanation of the various functions of a representative Trust Company, equipped to meet every banking requirement, from the handling of a simple checking account to such exacting responsibilities as the administration of extensive estates and fulfilling the many and diversified banking needs of great corporations.

By means of the index at the back, the reader will find this explanation of banking service permanently useful for reference purposes.

Banking Service

What a Bank with a Trust Department
Can Do for You

THE BANK AS A DEPOSITARY

THE fundamental business of banking consists in lending money. There are two ways in which a bank obtains the money it lends: first, through the issuance of capital stock, which is bought and paid for by those who feel that their money will be used to advantage; and second, through deposits made by those who have confidence enough in the management of the bank to feel that their deposits will be repaid on demand, that loans will be made only after the credit of the borrower has been carefully investigated and found entirely satisfactory, and that investments will be made only in securities backed by good management, sound policies, and adequate earnings.

Three Classes *of* Accounts

There are three kinds of deposit accounts that may be opened with the Rhode Island Hospital Trust Company:

1. Call or Checking Accounts
2. Certificates of Deposit
3. Participation or Savings Accounts

Just which type of account is best suited to personal requirements and most beneficial to the interests of the individual depositor can be readily determined by reading the explanation of each as set forth in subsequent pages.

How to Open *an* Account

The method of opening a bank account is the same in each case.

Simply step into the bank and tell the clerk at the Information Desk what you desire. He will explain the requirements for opening the kind of account which you have in mind, and will conduct you to the particular department and introduce you to the proper officer, who will be glad to answer questions and make suggestions which will enable you to enjoy the best service the bank can render.

The Information Clerk will be glad, also, to see that you become personally acquainted with the officers in charge of other departments with which you may be likely to come into contact. It is the banker's desire that there be at all times a cordial personal relationship between his institution and its customers, for this is essential to the friendly and valuable coöperation that the bank at all times stands ready to give.

It makes no difference whether your account is active or inactive, large or small, you will find the progressive bank constantly and actively striving to render you banking service of the highest character.

The Signature Card Upon opening any kind of an account you will be asked to fill out a signature card. This card is retained by the bank so that there will always be on file a specimen of your personal signature. This signature should be written just as you ordinarily sign your correspondence and other business papers, both as regards the form of your name, i. e., order of given names, initials, etc., and the style of penmanship. It is important for the protection of your interests that the bank be able to verify your signature instantly by comparison with that which is kept on file.

When you open a checking account, you receive a pass book containing space for the bank to enter all deposits which you make. This book should be presented each time with your deposit, so that it will contain the bank's acknowledgment of having received the deposit.

*The Pass Book
or Record of
Deposits*

If at any time you neglect to bring this pass book, make out a duplicate deposit ticket,* which will be stamped and returned to you. The teller will transfer the record to your pass book at some later time when you have both the ticket and the pass book with you.

The bank book that is issued for your participation or savings account serves as your receipt for amounts deposited, and is also a complete duplicate of your savings account as it appears upon the bank's ledgers. The book should be presented whenever you make a deposit and *must be presented whenever you make a withdrawal.*

*The
Participation
Book*

If at any time your participation book is lost, stolen, or destroyed, you can obtain a duplicate book by fulfilling certain requirements of procedure as set forth in the state banking laws.

The law of Rhode Island governing the issuance of duplicate participation books is as follows:

“When any person to whom a pass book has been issued by any . . . bank or trust company in its participation or savings department, to an aggregate amount, including undrawn dividends or interest, not exceeding the sum of fifteen hundred dollars, or the legal representative of such person, shall state in writing, under oath, to the bank . . . or trust company which issued such book, that such book has not been hypothecated, but has been lost or destroyed, and shall make written application for the issue of a duplicate book therefor, and shall give public notice of the loss or destruction of such book and of such application, by advertising the same at least once a week for three successive weeks in a newspaper published in or nearest to the city or town where such corporation is located, . . . and if such book shall not be presented to the bank . . . or trust company

*Deposit Tickets will be found fully explained on page 24.

which issued the same, and the existence of said pass book shall not have been made known to said corporation within three months after the date of the first advertisement aforesaid, such bank . . . or trust company shall, upon proof that such public notice by advertisement has been given, issue a duplicate book therefor, and upon such delivery, such bank . . . or trust company shall be discharged from all liability on account of the issue of the original book."

Chapter 237, sec. 25.

Checking *or* Call Accounts

The checking account is a safe and convenient depository for active funds, viz., an account against which you desire frequently to draw.

When you have made your first deposit, the bank becomes your debtor; it owes you the amount represented by your credit. You may draw as many checks as you desire, large or small, against this credit, so long as you keep your account in sufficient funds to meet withdrawals, and under these conditions the bank is bound to honor them.

Banks accept the accounts of manufacturers, jobbers, exporters, importers, manufacturers' agents, mail order houses, public utility corporations, contracting firms, and firms engaged in various lines of professional service—in fact, of every kind of business or professional enterprise, as well as the accounts of individuals for their personal affairs.

The minimum amount required to open a checking account varies with different banks, usually being a sum sufficient to give the bank assurance of the good faith of the depositor. After the account is opened, deposits may be of any desired size.

The banks of Providence customarily pay interest on checking accounts on the daily balance in excess of \$500, where this balance is maintained continuously for 30 days. An extra interest rate of $\frac{1}{2}\%$ is paid where a balance of at least \$25,000 is maintained for 30 days or more.

In handling the active commercial accounts of its various customers, the bank accepts for collection checks and drafts drawn upon banks anywhere in the world, and holds the proceeds on deposit subject to check. In addition, it stands ready to render all the other financial services required in connection with commercial accounts, many of which are described in detail in other sections of this book.

*Commercial
Accounts*

One of the special services of the Rhode Island Hospital Trust Company, which customers have found very useful, is furnishing cash for payrolls in bills and currency in any desired denominations, and supplying blank forms upon which the customer can conveniently specify his exact requirements.

When accounts of corporations are opened, the signatures of officers and others authorized to sign in behalf of the company must be furnished. The finances of a corporation are regulated by its by-laws, and a certified copy of the by-laws and a resolution of the board of directors authorizing individuals to sign must be filed with the bank.

Corporations

In the case of partnerships, the bank must be thoroughly apprised of the partnership agreement as it applies to the account of the firm. In general, any partner is empowered to act for the firm in all matters pertaining to the business, his action binding his associates. But this rule may be modified by the partnership agreement, making it necessary, for instance, for both partners to sign checks. Obviously, in order properly to fulfill its legal obligations, the bank must be advised of the exact agreement.

Partnerships

Another class of active accounts is that which is subject to check for the running expenses of public and private institutions, such as schools, colleges, hospitals, churches, and libraries. Together with serving as depositary for the active funds of such institutions, the modern bank is

*Active Accounts
of Institutions*

equipped, through its various departments described in this book, to take care of all their other financial requirements.

Individuals' Checking Accounts Thousands of men and women deposit funds which are subject to withdrawal by check for the payment of household expenses and for other personal uses.

On such accounts, as in the case of strictly commercial accounts, interest is paid by the Rhode Island Hospital Trust Company on balances in excess of \$500, if left on deposit for at least a month.

Checking Accounts for Reserve Funds It is a practice with many individuals and business organizations to accumulate reserve funds for emergencies. If such funds are deposited in a checking account, they are instantly available through withdrawal by check. At the same time they are earning a good rate of interest, provided a proper daily balance is maintained, as explained heretofore.

Checking Accounts for Special Funds There are many kinds of special funds, such as a sinking fund, for instance, which owners desire to have subject to check, but which may lie inactive for considerable periods. An ideal way of handling these funds is to deposit them at interest.

Depositors should always bear in mind the fact that an extra interest rate of $\frac{1}{2}$ of 1% is paid where a balance of at least \$25,000 is maintained for 30 days or more.

Trustees frequently have funds which they do not desire to put into permanent investments, but which should be earning interest. A checking account should commend itself particularly to trustees, executors, administrators, and guardians, in that not only does it pay interest, but by law such officers are exempt from personal liability for funds deposited with a Trust Company. (See page 84.)

Funds handled by the treasurers of organizations, where they are drawn upon only occasionally, should be kept on deposit as interest accounts.

57-33

Providence, R. I. April 20 1922 No. 129

Rhode Island Hospital Trust Company

Pay to the order of John H. White — \$481.³³/₁₀₀

Four hundred eighty one ^{and} ³³/₁₀₀ Dollars

Ralph H. Williams

Bank check correctly written.
See explanation—page 17.

Pay to the order of
Rhode Island Hospital Trust Co
Providence R. I.
John H. White

57-33

April 22nd 1922 No. 4509

Hospital Trust Company

John H. White — \$209.⁷⁹/₁₀₀

noire and ⁷⁹/₁₀₀ Dollars

James A. Williamson

Bank check
endorsed in
full.
See explanation—page 19.

John J. Richards

57-33

April 19th 1922 No. 5891

Hospital Trust Company

John J. Richards — \$84.⁹²/₁₀₀

and ⁹²/₁₀₀ Dollars

Henry J. Brown

Bank check
endorsed in
blank.
See explanation—page 19.

PROVIDENCE, R.I. April 20, 1922 No. 453

RHODE ISLAND HOSPITAL TRUST COMPANY 57-33

PAY TO THE ORDER OF John S. Rich \$ 128.⁶³

EXACTLY ONE HUNDRED TWENTY EIGHT DOLLARS SIXTY THREE CENTS DOLLARS

Earl S. Andrews

THE SAFE DEPOSIT COMPANY

Bank check written with check-writing machine.
See explanation—page 21.

Rhode Island Hospital Trust Co.,
DEPOSITED TO THE ACCOUNT OF

John B. Jones

Checks or Drafts, whether drawn on this Company or other Trust Companies, Banks or Bankers or other cash items, are credited only subject to payment. This Company in collecting paper received from its customers whether the same be placed to their credit or not, acts only as their agent and assumes no responsibility except to exercise the same diligence it uses in collecting its own paper.

Please Endorse and List all Checks Separately.

Providence, R.I. Jan. 29 1922

Deposit ticket properly filled out.
See explanation—page 24.

	DOLLARS	CENTS
BILLS.	278	-
COIN.	40	38
CHECK. <small>(For checks on Providence write name of Bank For all others, name of place)</small>		
" <u>High St.</u>	12	62
" <u>Natl. Exchange</u>	18	
" <u>Boston</u>	26	
"		
	<u>375</u>	<u>-</u>

Pass slip to Safe Deposit Vault.
See explanation—page 87.

Record of Access by

John Smith

To Safe No

1,000 -

JAN 16 2 54 PM 1922

Rhode Island Hospital Trust Company

Safe Deposit Department

Corporations having issues of bonds, part of which they are retiring annually or at regular intervals, will find it advantageous, in accumulating sinking funds for this purpose, to deposit the money at interest.

Individuals and corporations frequently have funds awaiting investment under favorable market conditions. Often when securities are sold the proceeds cannot immediately be reinvested to advantage in the character of securities desired. In the meantime, such funds are fully protected and given continuous earning power when deposited in a checking account. *Checking Accounts for Temporary Funds*

Trustees and agents sometimes have money which they are holding pending settlements, and this also should be deposited in an interest-earning account.

The Bank Check

The bank check, which is merely a written order upon the bank to pay a specified amount of the depositor's funds, is by far the most common and most convenient method of transferring money from one person to another. It has come to be the everyday currency of the United States. It is conservatively estimated that checks are used in the settlement of more than 90% of the cash transactions in American business.

An example of the usual form of check would read: "Pay to the order of John H. White \$481.33, Four Hundred Eighty-one and 33/100 Dollars." This, together with the date, is written on a blank (printed) form addressed to the depositor's bank, and signed by the depositor. As will be noted in the illustration, the amount of the check is written both in numerals and in words. (See illustration—page 15.)

In writing checks it is advisable to use dark ink and to write with a bold pen-stroke. When filling in the blank spaces provided, begin as closely as possible after *How to Write a Check*

the printed words, or, in the case of the written amount, start as near the left edge as possible. A line should be drawn after the written amount. A check properly written shows no blank spaces at margins or between the words and characters. Use plenty of ink and write so plainly that there can be no question as to the amount, even by a hurried inspection. Of course, the amounts as given in numerals and in words should agree, but in case of disagreement the amount as written in words is held to be correct.

The check writer's signature should always be the same and should conform to the signature he has given the bank upon opening his account. Be sure that this signature is always plainly written without unnecessary flourishes or underscoring, as thus there will be less likelihood of error upon the part of those who are to handle the check.

Do not forget to fill in the date. This may seem to be an unnecessary suggestion, but very frequently checks from which the date has been omitted come into circulation and open the question as to what should be done. Should you receive an undated check you have the right to insert the date if it is known to you, or at least the date upon which it came into your possession, but it is easy to see that a check either undated or dated wrongly may give rise to error on the part of the customer or of the bank.

*How to Endorse
a Check* As has been stated, the check is an order upon the bank to pay a certain sum of money. But in a larger sense it is the transfer to another of the right to demand this money, which right the bank has given to its customer when the account was opened. In most cases the customer prefers to transfer his right of withdrawal rather than to obtain the actual cash, and the holder of a check wants to own this right rather than to have possession of the cash itself. For he in turn can transfer this right to another or use the check for deposit to his

account by making proper endorsement on the check, and this is obviously more simple and convenient than would be the handling of so much cash.

The holding of a check made out in your name or endorsed to you constitutes you the legal owner of the instrument. In order to transfer this title to someone else, you must endorse the check by writing your name upon the back. The proper place for the endorsement is across the left end of the reverse side of the check, as shown in the illustration. The first endorsement on the check should be written as close to the end as possible, and following endorsements close to the preceding endorsement, for there must be left room for the required notations or endorsement stamps of the banks through which the check is likely to pass before final payment.

There are several different forms of endorsements with which the customer should familiarize himself. The endorsement *in blank* consists merely in writing the holder's name on the back of the check. (See illustration—page 15.) A check so endorsed is rendered negotiable and should it be lost any finder could cash it without further endorsement, unless, of course, the maker has notified the bank to stop payment. The recovery of a lost check endorsed in blank depends entirely upon the integrity of the one who happens to find it.

A safer endorsement is known as an endorsement *in full*, by which the check is made over to a particular person or firm. (See illustration—page 15.) In making up your deposits endorse your checks in this form:

Pay to the order of
RHODE ISLAND HOSPITAL TRUST COMPANY
Providence, R. I.
JOHN SMITH

This is particularly advisable when sending checks for deposit through the mail, as collection cannot be made of a check

endorsed in full until it bears the subsequent signature of the one to whom it has been endorsed. If such a check is lost or stolen it cannot be transferred and you are fully protected.

An endorsement in full, however, must be carefully and accurately phrased. The words "to the order of" or "or order" in this type of endorsement render the check a negotiable instrument, upon the proper signature of the endorsee; he may collect through whatever agency he finds convenient. But should these words be omitted from the form so that the endorsement would read:

Pay to JOHN JONES
JOHN SMITH

the endorsement becomes a restricted one and limits collection specifically to the endorsee and stops circulation of the instrument. Strictly speaking, to cash such a check the endorsee must personally present himself at the bank upon which the check is drawn.

*Endorsement
Stamps* For the convenience of any customer handling a considerable number of checks, the Rhode Island Hospital Trust Company furnishes without charge a rubber stamp bearing a correctly worded endorsement. A rubber stamped endorsement is good when used for making deposits only.

*Forgeries and
Alterations* It has been mentioned at a preceding point in this book that when a customer opens a checking account he signs a signature card, which is kept on file. In signing checks the depositor should always sign his name as he wrote it on the signature card. If the teller is not familiar with the signature on a check he can verify it by comparison with the signature card.

While the bank or trust company is liable for any money paid out on a check with a forged signature, yet it may not be liable for the amount paid on a check on which the signature is genuine but which has been so carelessly drawn that the amount has been raised by another person. It thus behooves the depositor to use due precaution in drawing all checks.

The first precaution in writing a check, as has been suggested heretofore, is to leave no blank space before or after words or figures. It is becoming a common practice to write in the amounts of checks by the use of some form of check-writing machine which cuts or "shreds" the amount into the paper and prints in indelible ink at the same time. (See illustration—page 16.) Not only is a check so protected difficult to alter, but also no question is likely to arise as to whether the customer has taken due precaution in drawing the check. Furthermore, the legibility of machine written checks is much greater than that of the majority of those written by pen, especially where the machine writes the amount in words rather than in figures only.

However, particular care should be exercised by those who use check-writing machines lest a signed check be sent out by mistake, as has often happened, with the amount omitted and upon which, consequently, any amount could be written.

The Rhode Island Hospital Trust Company furnishes all of its depositors with blank checks printed upon special safety paper upon which no erasure, either mechanical or chemical, can be performed without leaving a spot which is instantly detected. Since every vulnerable part, including endorsements on the back, is protected, a check carefully and properly written on safety paper is about as safe an instrument as can be devised.

*Checks Printed
on Safety Paper*

Voucher checks, providing either on the face or back a place for statement of the bill or claim for which the check is issued, are frequently used by corporations and institutions. It is usually specified on such checks that the payee's endorsement constitutes a receipt in full for the items enumerated. (See illustration—page 33.)

Voucher Checks

The bank officers are always glad to assist any customer in devising a suitable voucher check for his particular requirements.

Certified Checks A depositor who draws a check, or anyone who has a check in his possession, may take it to the bank upon which it is drawn and have it certified.

In certifying a check the teller, after ascertaining that the depositor has at least the amount of the check to his credit, stamps or writes upon the face of the check the word "certified" and the date, and signs his name as teller. (See illustration—page 33.) This transfers the check into an obligation of the bank and the bank must pay the certified check upon presentation. The amount of the check is then deducted from the customer's balance and put in a special account in order that under no circumstances will this amount be paid to anyone other than the payee or upon his order.

Never destroy a certified check. If you are not going to cash it, return it to the maker, and let him take it to his bank so that the amount of the check may be returned to his account.

Counter Checks Should a customer of the Rhode Island Hospital Trust Company desire to make a withdrawal at a time when his check book is not at hand, he will find at the writing tables in the banking rooms special counter checks which have been designed for use within the bank. The counter check is in the form of a receipt, with stub attached for personal record of the drawer. When properly filled out, the counter check is honored by the tellers as are regular checks.

It cannot be made "payable" to anyone and does not require endorsing. Nor can it be negotiated outside of the Company's banking rooms. If a negotiable check is needed, one can readily be obtained from a teller or at the statement counter.

Stopping Payment A customer may stop payment on a check that he has drawn; but, of course, the stop order must reach the bank before the check is presented.

According to law, the stop order must be in writing, or in the form of a telegram. The law holds neither an oral nor a telephone request binding. Banks as a rule endeavor to comply with an oral request to stop payment, but strictly speaking they would be justified in paying a check provided it were presented before the written stop notice came to hand.

In filing a stop payment order, give the date of the check, the number, amount, and to whose order drawn.

Checks should be numbered consecutively as they are drawn, and memoranda made in the space provided on the stub of the check book, noting the date, number, payee, and amount of each check. It is further advisable to make note of the particular item or items covered by the check. If the check book is properly kept with a continuous record of the bank balance there will be less likelihood of any overdrafts. Furthermore, the record is very useful in making up income tax returns. *Record of Checks*

When the cancelled checks are returned by the bank they should be immediately compared with the memoranda in the check book. The depositor's record of his balance should tally with the balance recorded by the bank and in case of any discrepancy the depositor should notify the bank immediately.

By following these suggestions it should be a comparatively easy matter to reconcile one's balance with the bank's statement:

- (1) Enter all deposits in your check book.
- (2) Enter all checks drawn.

If you use the special form of counter check for the withdrawing of funds when the check book is not at hand, be sure to enter these withdrawals in your check book from the memorandum stub at the first opportunity.

(3) From the total of your deposits take the total of checks drawn, thus giving you your balance.

Uncollected Funds It is an unwise practice to draw against uncollected funds. For instance, when one deposits in Providence a check drawn upon a bank in Chicago the amount is recorded in his account as "uncollected funds." The process of collecting the amount of this particular check requires about three or four days. In the meantime, while the sum has been credited to the depositor's account, actually there is no cash to draw against until the collection is completed. The period required for this collection is, of course, governed by distance, and the depositor should allow the necessary time for such collection before drawing against the funds. Where circumstances are pressing, however, advice of payment of checks or other items drawn on banks out of town can be hastened by telegraph, and the funds transferred in the same manner.

The Deposit Ticket The customer should always make out deposit slips in his own handwriting. This is very important, as a record is thus made which may at some future time prove particularly desirable. Each check should be enumerated on the deposit ticket: if the check is drawn on a local bank, the bank should be named; if drawn on an out-of-town bank, the city where such bank is located should be named. (See illustration—page 16.)

Stale Checks Though you may not require immediate use of the funds, do not form the habit of holding checks. A check should be deposited as soon as possible after it is received, for should the bank upon which it is drawn or the drawer of the check get into difficulties while the instrument is in your possession, you would very likely be the loser.

According to court decisions, checks should be deposited for collection within a "reasonable" length of time, and under

ordinary circumstances any period during which a check might have been conveniently deposited is considered a reasonable length of time.

The best practice is to deposit all checks promptly, either upon the day they are received or upon the next business day.

Banks periodically prepare an individual statement for each customer, which shows all entries in and withdrawals from his account. Customers should call for these statements as soon as possible after the date of issue so that any error may be noted and corrected immediately.

*Your
Statement*

The statements issued by the Rhode Island Hospital Trust Company are itemized in such a way that they may be easily balanced with the customer's check book and pass book. (See illustration—page 34.) Upon the back of each statement there appears a special reconciliation blank with detailed instructions as to the proper method of checking up the statement. (See "Record of Checks"—page 23, also illustration—page 35.) By making the reconciliation on this form the customer is thus provided a permanent record, convenient for filing and for reference.

Upon very active accounts statements are issued monthly, but on the average account quarterly or semiannual statements are more satisfactory.

Certificates of Deposit

The second form of account is the Certificate of Deposit.

This is a written statement by the bank certifying that the person designated in the instrument has deposited a specified sum of money payable only on return of the certificate. (See illustration—page 54.)

For funds that can be left undisturbed for a stated period of time, the certificate of deposit is a desirable form of investment, offering as it does a combination of safety and continuous earnings.

Funds deposited on a certificate of deposit earn interest from the day of deposit throughout the entire period for which the certificate is issued, instead of having to conform to regular interest periods as in the case of savings deposits. Interest rates vary according to the length of time for which the certificate is written. The maximum rate is usually paid when the deposit is left for six months or longer.

This Company issues certificates of deposit for sums of \$500 or more.

In issuing certificates of deposit the bank reserves the right to redeem the certificates or to discontinue the payment of interest after six months from the date of issue, upon ten days' notice served either personally or through the mail to the payee, and may require the holder of the certificate to give 30 days' notice of intention to demand payment of the deposit.

*As a Temporary
Investment for
Surplus Funds*

Treasurers of corporations, associations, societies, and clubs, often have surplus funds on hand which they are not authorized to put into permanent investments. Such funds may well be put into certificates of deposit, so that instead of lying idle they will be earning interest at a favorable rate.

Again, the certificate of deposit is an ideal form of temporary investment for money awaiting an opportunity for permanent use.

Negotiability

One of the special features of the certificate of deposit is that, as an obligation of the bank of issue, it is readily negotiable upon endorsement.

Participation* *or* Savings Accounts

The third form of account is the Participation or Savings Account.

As a means to the accumulation of funds for the accomplishment of some particular purpose, a savings account will be found especially practicable. Whether the object be the repayment of a mortgage loan, the betterment of one's position in business, the means to education, or the creation of an emergency fund against any exigencies of the future, it can be attained with comparative ease by setting aside a part of one's income regularly, weekly or monthly, in a savings account.

While a savings account is particularly adapted to the requirements of salaried or wage-earning people, yet its advantages are equally applicable to all. No matter in what other ways a person may be investing his money, a portion of it deposited in a savings account is a very wise provision, because it enables the owner to obtain cash immediately in case of an emergency.

The character of a savings account conforms closely to that of a high-class security.

*The Savings
Account as an
Investment*

In the first place, the depositor's money is safe beyond question. For the protection of savings or participation deposits the State law prescribes certain conservative classes of securities in which banks must invest such deposits and further requires that these investments must be set apart to secure participation deposits. To insure the greatest possible degree of

*The term "Participation Account," now so generally used by Trust Companies in the city of Providence to designate Savings Accounts, had its origin with the Rhode Island Hospital Trust Company in 1869. The term was coined by Mr. Binney, the Company's first President, to apply to deposits which participated or shared in the earnings of the Company, as apart from the regular Call or Checking Accounts, upon which, at that time, no interest was paid.

safety, the bank makes a practice of spreading its investments over a wide range of such securities.

In the second place, savings deposits earn good dividends. The Rhode Island Hospital Trust Company has for many years paid dividends at the rate of 4% per annum.

Dividends on savings deposits are payable twice yearly, on May 16th and November 16th.

All or part of the principal can be withdrawn at any time without loss, a feature corresponding to the ready marketability of good securities.

If possible, however, it is advisable to postpone withdrawals until the end of the semi-annual interest period, to avoid sacrificing interest.

Under State law, banks, savings banks, and trust companies accepting savings deposits may reserve the right to require ninety days' notice of withdrawal should unusual conditions make such action necessary.

Advantages over Ordinary Investments In addition to those already mentioned, there are in a savings account two other important advantages not shared by ordinary investment securities.

While a specified amount may be required to open a savings account, deposits may afterward be made in any convenient amount. The depositor need not wait until the accumulation of a fixed sum, but may add to his savings investment gradually and conveniently.

If a depositor needs to withdraw part of his savings he can withdraw the exact amount he requires without affecting the earning power of the balance. This is likely to be much more convenient than to be obliged to sell a security of a definite amount, say a bond of a denomination of \$1,000, in order to obtain the desired sum, which may be much smaller.

The participation book which is issued to all savings depositors must be presented whenever deposits or withdrawals are made. Reference to the importance of the participation book has already been made. (See page 11.)

*The
Participation
Book*

Accounts *in the Names of Two Persons*

A special form of account, either savings or checking account, is that maintained by two persons and payable to either or the survivor. This form is especially convenient for husband and wife, although any two persons may avail themselves of it. Either person may make deposits to or withdrawals from such an account.

If the joint account is a savings account, it should be remembered that the participation book must be presented upon making deposits or withdrawals, as in the case of the individual account.

The following table shows how savings will accumulate at 4% credited semi-annually, with regular monthly deposits. The interest is figured on the actual time the money is on deposit.

Monthly Deposit	Five Years	Ten Years	Fifteen Years	Twenty Years	Twenty-five Years
\$1	\$66.46	\$147.48	\$246.24	\$366.64	\$513.39
\$5	\$332.30	\$737.40	\$1,231.20	\$1,833.20	\$2,566.95
\$10	\$664.60	\$1,474.80	\$2,462.40	\$3,666.40	\$5,133.90
\$15	\$996.90	\$2,212.20	\$3,693.60	\$5,499.60	\$7,700.85
\$20	\$1,329.20	\$2,949.60	\$4,924.80	\$7,332.80	\$10,267.80
\$25	\$1,661.50	\$3,687.00	\$6,156.00	\$9,166.00	\$12,834.75
\$50	\$3,323.00	\$7,374.00	\$12,312.00	\$18,332.00	\$25,669.50
\$75	\$4,984.50	\$11,061.00	\$18,468.00	\$27,498.00	\$38,504.25
\$100	\$6,646.00	\$14,748.00	\$24,624.00	\$36,664.00	\$51,339.00

LOANS

THE funds that the bank receives on deposit on the various classes of accounts described in the preceding pages, are available for loans to its customers, with the exception that the law makes strict regulations for the investment of funds received on deposit in the Participation or Savings Department, providing that the bank can lend only a limited portion of such funds on promissory notes.

Lending money for the advancement of legitimate business interests is one of the most important services a bank renders to the community in which it is located, and so far as possible the funds in the hands of the progressive bank are utilized to aid business, the building of which is of mutual advantage to the bank and its customers.

Almost every business, whether large or small, will meet occasions when, temporarily, additional money is required, and in the majority of cases this working capital is to be procured most conveniently from the bank through loans. Manufacturers and merchants must often make up seasonal shortages, discount bills, take advantage of favorable markets, and finance their business transactions. It is the province of a bank to lend money for such purposes; but, at the same time, it is the duty of the bank to maintain itself in what is called a liquid position, i. e., it must be at all times prepared to meet the usual and even the unusual demands of its depositors. It is obvious that if a bank is to keep its funds in liquid form, short time loans are the proper means to that end. Money needed for permanent purposes should be obtained from some source other than a bank, and is

ordinarily procured through an issue of bonds or additional capital stock.

A large measure of credit for the growth and general healthy condition of American business today is due to the great financial institutions which have furnished the funds vitally necessary to business progress. A bank can have no worthier purpose than to promote in every legitimate way the interests of the community in which it is located.

Promissory Notes

When a bank lends money to any customer, it receives his acknowledgment—his note—which specifies the conditions under which the money is to be repaid.

A note is thus a promise to pay the bank, or some other party, a specified sum of money either on a definite date or on demand. From this it will be seen that notes are of two classes, *time* notes and *demand* notes. The first represents a loan made for a specified length of time; the second a loan made for an indefinite time, which ordinarily extends over periods of from a few days to one or two months. If the loan is for an extended period, the bank ordinarily requires a time note.

In the case of the time loan, the interest is deducted from the face value of the note, and the remainder turned over to the borrower or credited to his account. This procedure is known as discounting the note. The full amount indicated on the face of the note is the amount which must be paid at maturity.

A demand loan extends only to whatever time the bank desires to require payment. The borrower has the privilege of paying the loan at any time prior to the bank's demand, according to his convenience. On the other hand, the bank reserves the right to demand payment, upon proper notification, at any time, according to its own needs and existing circumstances. If, for any reason, a demand loan extends over a period of several months, the payment of interest quarterly is usually required.

Three Classes of Loans

Generally speaking, bank loans fall into three classes: collateral loans, endorsed notes, and so-called commercial loans.

Collateral Loans When a bank makes a loan it is lending depositors' money, and this imposes the responsibility of having the loan well protected. The collateral loan is the most common form of the protective type. In procuring such a loan, the customer protects the bank against loss by depositing negotiable securities, or in some cases warehouse receipts pledging readily marketable goods. (See illustration collateral note—page 36.) The value of this collateral must, of course, show a margin of safety for the bank. Furthermore, this form of loan requires that the collateral must be sufficient to keep the margin good throughout the entire period of the loan. If fluctuations tend to lower the value of the collateral and consequently reduce the margin, the borrower must deposit such additional collateral as will increase the margin to meet requirements, or by cash payment reduce the loan sufficiently to satisfy margin requirements.

Under the terms of agreement entering into such a transaction, should the borrower fail to pay the loan at the specified time, the bank has the privilege of disposing of the collateral and deducting from the proceeds of such sale an amount sufficient to pay both the interest and principal of the loan. Also the bank is given the right to sell the collateral if a proper margin is not maintained.

Endorsed Notes Money may be borrowed from the bank on endorsed notes, or what is sometimes called "two name paper." In this case the borrower makes a note payable to the bank and bearing the endorsement of another person (See illustration—page 53); or the borrower makes the note payable to the second person (See illustration—page 53), has him endorse it, and presents it to the bank to be discounted.

BY ENDORSEMENT THIS CHECK IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT		
DATE	AMOUNT	
Mar 10	101 78	
" 18	80	
TOTAL OF INVOICES	181 78	
LESS 2% DISCOUNT	3 63	
LESS FREIGHT		
TOTAL DEDUCTIONS	3 63	
AMOUNT OF CHECK	178 15	

No. 152

Providence R.I. April 20, 1922

PAY TO THE ORDER OF
John J. Richards — \$ 178.15

One hundred seventy eight ¹⁵/₁₀₀ DOLLARS

H. C. Brown & Co.
W. Earle Bowen
Treas.

TO THE
RHODE ISLAND HOSPITAL TRUST CO.
57-33
PROVIDENCE, R.I.

IF INCORRECT PLEASE RETURN
NO RECEIPT NECESSARY.

Voucher check. See explanation—page 21.

57-33

Providence, R.I. April 21 1922 No. 701

Rhode Island Hospital Trust Company

Pay to the order of John J. White — \$ 455.61

Four hundred fifty five ⁶¹/₁₀₀ Dollars

Ralph H. Williams

R. I. HOSPITAL TRUST CO.
CERTIFIED
 APR 9 1922
 Signature of Cashier
 DO NOT COUNTERSIGN THIS CHECK

Certified check. See explanation—page 22.

H. A. Smith

PAID

THROUGH CLEARING HOUSE
NO. APR 21 1921 33.
R. I. HOSPITAL TRUST COMPANY.
GEORGE H. CAPRON, Secretary.

Check as passed through "clearing" and returned to maker. See "The Bank Check"—page 17.

JOHN B. JONES
16 MAIN STREET
PROVIDENCE R. I.

RHODE ISLAND HOSPITAL TRUST CO.
PROVIDENCE, R. I.

For month of January 1922

Deposits are credited conditionally and not finally until the items contained therein are paid. This company will use due diligence in its endeavor to select responsible agents, but will not be liable in case of their failure or negligence, nor for loss of items in the mails.

Library Paper K76291A

CHECKS	DATE	DEPOSITS	DATE	BALANCE
Balance Brought Forward	JAN 1	1,000.00		
25 0.00 -	JAN 3		JAN 3	75 0.00
10 0.00 -	JAN 7	12 5.00	JAN 7	77 5.00
	JAN 12	40 0.00	JAN 12	1,17 5.00
10 0.00 - 75.25 - 128.00 -	JAN 14		JAN 14	96 1.75
46 0.00 - 5.57 -	JAN 16		JAN 16	91 0.18
20 0.00 -	JAN 19	7 5.00	JAN 19	78 5.18
25 0.00 - 49.00 - 52.00 -	JAN 24		JAN 24	65 9.18
2 0.00 - 12.00 - 87.00 -	JAN 25	.71 IN	JAN 25	65 9.89
90 0.00 -	JAN 26		JAN 26	55 8.89
	JAN 28	37 5.00	JAN 28	84 3.89

THE LAST AMOUNT IN THIS
COLUMN IS YOUR BALANCE

F. 614

KEY

IN=Interest
L=Total of checks on list enclosed
CC=Certified Check
CP=Coupons
LN=Loan
CL=Collection Item
O D=Overdraft
00*=Account Closed

PLEASE EXAMINE AT ONCE

NOTIFY OF ANY PERMANENT CHANGE OF ADDRESS

Sample statement of account as issued monthly by bank to customer.

See explanation—page 25.

\$ 25,000. Providence, R. I. April 18, 1922
Three months after date, for value received, the undersigned
 promise to pay to the Rhode Island Hospital Trust Company, or order, at its place of business in said Providence,
Twenty five thousand Dollars,
 having deposited with said Trust Company, and
 pledged as collateral security for the payment hereof and of all other debts and liabilities of the undersigned to said
 Trust Company, its successors or assigns, due or to become due, or that may be hereafter contracted, or acquired,

- viz.
- 100 Shares American Screw Company
 - 50 " Berkham Manufacturing Co Preferred
 - \$10,000 Northern Pacific Railway Co. 1st Mts. 5% 1929
 - \$ 5,000 2nd U. S. Liberty Loan / 4 1/2 % 70 1942

and should the same, or any collateral that may be substituted for, or added to the above, at any time, in the judgment of said Trust Com-
 pany, decline in value, the undersigned hereby agree, upon request, to immediately deposit and pledge additional approved collateral
 securities to an amount satisfactory to said Trust Company, which request may be made personally, or by written notice sent by mail to
 the residence or place of business, or the last known address of the undersigned; and on failure to comply forthwith with such request, this
 note (and at the option of said Trust Company all other said liabilities) shall at once become due and payable; and thereupon, or upon
 the non-payment of this note, or of any other of the debts or liabilities aforesaid at maturity, or at any time or from time to time thereafter,
 the above deposited collateral, or any that may be substituted for or added to the same, or any part thereof, may be sold, together or in
 parcels, at Brokers' Board, or at public or private sale, in the city of New York or elsewhere, without notice; demand, advertisement and
 notice being hereby expressly waived; and the said Trust Company may at any such Brokers' Board, or at public sale, become the purchaser
 discharged from all right of redemption; and the net proceeds of sale, after deducting all costs and expenses thereof, may be applied to the
 payment of either one or all of said debts or liabilities, of the undersigned then held by said Trust Company, including this note, as the
 President or the Executive Committee of said Trust Company for the time being shall deem proper, accounting to the undersigned for
 the balance not so applied, and the undersigned agree to be and remain liable for any deficiency.

Upon any transfer of this note, said Trust Company may deliver the property held as security to the transferee, who shall thereupon
 become vested with all the powers and rights given to said Trust Company in respect thereof, and said Trust Company shall thereafter be
 forever relieved and fully discharged from any liability or responsibility in the matter.

Frederick A. Stearns

67-20003-22

Necessarily one of the parties to such a transaction must be financially responsible, and it is preferable that both of them should be.

It frequently happens that a merchant who has never borrowed and never expected to borrow, finds himself faced with an unexpected demand which he cannot meet without assistance. He must obtain cash, and at once. To wait until such a time arrives before establishing contact with the credit department of the bank is not good business policy.

*Commercial
Loans*

Banks ordinarily are glad to grant whatever credit a business and business conditions warrant, when the customer fulfills the necessary requirements governing credit transactions.

When a customer asks for credit, the bank requires a frank statement, not only of the amount and nature of the credit desired and the purpose for which the customer will wish to borrow, but also the amount of assets and liabilities in the customer's business, his gross and net earnings, annual sales, amount of insurance carried, and other matters which will aid in determining to what extent the business is legitimately entitled to credit. In a well ordered bank it takes time to complete an investigation involving such matters, and as suggested heretofore, it is well for a merchant to establish his credit standing with his bank before the emergency arises.

The interests of both bank and customer are best served where there is a definite understanding of what each may expect of the other. In requiring a financial statement, the bank is at once making sure of its ground and furthering the customer's interests by suggesting that he become accurately informed concerning his own financial condition. The customer thus is enabled to know the extent of credit for which he may reasonably ask, and the bank is better informed as to how well prepared the customer is to take care of his obligations. From the depositor's point of view, the bank which does not insist on full information

is not a satisfactory one with which to transact business. It is lending his money without due regard to its safety.

Discounting Trade Notes *and* Acceptances

Many merchants and manufacturers in the regular course of business receive notes and trade acceptances from their customers in settlement for goods sold or services rendered. When it is desired to secure immediate cash, the merchant or manufacturer endorses this trade paper, so called, and presents it at his bank for discount in the same manner as he would present one of his own notes. In other words, if the customer has established his credit with his bank, his trade notes will be discounted in the same manner as the notes made by the customer himself.

The bank, of course, must hold its customer responsible for the payment of trade notes or acceptances in case they are not paid by the maker. This is a necessary requirement because it is quite impracticable for a bank to keep in close touch with customers of the borrower.

There may be, however, exceptions to this rule. In case the responsibility of the maker is well known to the bank, the note might be discounted on the strength of the maker only. It is necessary, as in the case of an endorsed note, to have at least one party to the transaction of known responsibility.

The Rhode Island Hospital Trust Company regularly discounts notes and acceptances (See page 58) in connection with the handling of commercial accounts.

Why Borrow—*and* When

No one having a legitimate need for borrowing need be timid about seeking credit from the bank. There is nothing about the transaction that is out of the ordinary. Money is a commodity in business just as is cotton, or iron, or any other material

that enters into the processes of manufacturing. Borrowing money is very similar to buying goods of any sort. Modern banking has made the transaction one of extreme simplicity.

Of course, it is but natural that a bank should prefer to do business with those with whom it is acquainted. It is for this reason that we have already emphasized the importance of establishing intimate and friendly relations with the officers of your bank from the moment you open your account. Know the officers, and know them well. Feel free at all times to consult them about your financial or other problems.

Any business house or individual is invited to apply to the Rhode Island Hospital Trust Company for a loan, and if able to furnish collateral or give a satisfactory statement of financial condition, and assurance of ability to repay the loan, should encounter no difficulty in obtaining the desired credit. Previous relations with the bank in the way of a checking account, or otherwise, are not requisite to the making of a loan, but it is natural that the bank's own customers should receive better rates and prior consideration.

Many manufacturers have limited selling seasons, resulting in large receipts at certain times during the year, and relatively small receipts at others. The latter is commonly spoken of as a "seasonal shortage." This is characteristic, also, of some wholesale and retail lines.

*Loans to Make
up Seasonal
Shortages*

In a business having such seasonal cycles, the natural practice would be to lay aside enough money during months of large receipts to carry the business through the lean months. But if the business is growing, this method may become impracticable, as each year there must be purchased larger quantities of goods for the ensuing season. Thus a business may be in exceedingly healthy condition, and yet need considerable assistance from the bank at certain times.

Ordinarily during a poor business year most well established concerns require less financing, but in some instances such conditions may necessitate even larger bank credit than is usually the case.

In either of these situations, or whatever the emergency may be, the coöperation of a strong banking institution is likely to become an important factor in the success of your business.

*Loans to
Discount Bills* The advantages of taking all cash discounts offered are now generally recognized by progressive business men. The cash discounts which are commonly allowed make it profitable to discount all bills, even if to do so it is necessary to borrow money from the bank. Short term loans for this purpose can be readily arranged if other conditions are acceptable to the bank.

In addition to the saving that can be effected by this practice, the enhanced credit standing that is secured by the concern known to "discount all its bills" is not to be ignored.

*Loans to
Take Advantage
of Markets* The success of many a business depends to a large extent upon the efficiency of its Purchasing Department. There are times when it is wise to make unusually heavy purchases. Prices may be exceptionally favorable, or a marked rise in price may be imminent. Under either condition, it may prove profitable to take advantage of the market.

Sometimes, owing to threatened shortage of supply, it becomes expedient as a measure of protection to buy sufficient materials to last for a long period without regard to the price that must be paid.

Again, in the ordinary course of business, there may be demands for heavy seasonal purchases.

In any of these circumstances a loan may be needed to consummate the purchase, and the bank stands ready to take care of the needs of its customers in this regard when assured that the customer is not over-buying.

Every progressive bank is desirous of aiding its customers in their plans to expand their business. The first question to consider in planning any business extension is, of course, the matter of finance. Can the enlargement or extension be financed out of current funds? Will it be necessary to borrow the money temporarily, or is an issue of bonds or additional capital stock desirable? It happens not infrequently that concerns proceed with plans for the enlargement of their business without due consideration of these matters, and in many cases it has led to embarrassment.

*Loans to Finance
Extensions*

Bank officers always stand ready to coöperate with their customers to the fullest extent in matters of this kind and are glad of an opportunity to talk with them about their plans.

MEMBER OF FEDERAL RESERVE SYSTEM

BANKERS are frequently asked to explain just what is implied by the phrase "Member of the Federal Reserve System." A technical discussion of the Federal Reserve System would be out of place here, but the general principles upon which it is based might be summarized as follows:

The Federal Reserve Bank may be called a bank for banks, and has no direct relationship with individuals either as stockholders or depositors. All the stock is owned by banks. All national banks are by law, and trust companies may be by option, members of this system, subscribing to the capital of the Federal Reserve Bank an amount equal to 6% of their capital and surplus. One-half of this subscription has been paid in by the member banks and the balance is subject to call. Without impairing in any way the identity of the member banks, the Federal Reserve System unites or federates them into a composite whole, able to render to their communities and to the country at large, a financial service quite impossible without such coöperation.

Twelve Federal Reserve Districts

The United States is divided into twelve Federal Reserve districts, each with its own bank, together making up the national system. They are located in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. The Federal Reserve Board, under whose general supervision the Federal Reserve System operates, has its headquarters in Washington.

A Great Financial Reservoir

All legal reserves of member banks are kept with the Federal Reserve Bank of their respective districts, thus bringing into one central reservoir a powerful fund for the common good. In order to be most effective, these reservoirs of money must not merely exist but also must be mobile, that is, readily available at various points, just as the water in a reservoir must be connected by pipes to various places where it is needed.

Through this system, money may be quickly moved from one district to another as required, either physically or by means of credit. For example, if the Federal Reserve Bank in Dallas is in need of funds, it may discount some of its notes in Atlanta, or if Atlanta has not the necessary funds, it may re-discount in Richmond, and so on,—funds going from the locality where they are in abundance to that in which they are scarce.

Re-discount Feature

Perhaps that function of the Federal Reserve Bank which is most interesting and most important to the individual, is the re-discounting of notes of its member banks.

The member bank, for example, discounts a note for a customer who needs funds in the immediate conduct of his business. The bank, as a member of the Federal Reserve System, endorses and may then send this note to the Federal Reserve Bank of its district to be re-discounted at a rate which the Board of Directors of the local Federal Reserve Bank establishes. Should the member bank have an unusual demand for its funds, it avails itself of the privilege of re-discounting. It is a source of great safety to the member banks to know that as long as they make sound loans, conforming in character to the requirements of the Federal Reserve Act, they can readily turn these loans into money to meet any demand that may arise.

Re-discount Eligibility To be eligible for re-discount with the Federal Reserve Bank, a note must conform to some of the following requirements:

First, it must be of short duration, not over 90 days at the time of re-discount, except that a limited amount of bills drawn for agricultural purposes or based on live stock, may have six months' maturity.

Second, it must arise out of actual commercial transactions.

Third, it must bear the endorsement of a member bank and must be issued for the purpose of trading in or carrying obligations of the Federal government.

Fourth, it must be based on goods in storage or in transit represented by the proper documents, such as bills of lading, warehouse receipts, etc.

Briefly, any promissory note or acceptance that represents a commercial transaction, may be re-discounted at the Federal Reserve Banks. All, however, must be endorsed by the member bank.

Federal Reserve Notes

The currency issued by the Federal Reserve Banks, known as "Federal Reserve Notes," is secured by gold, commercial bills, and United States bonds, and the amount issued expands or contracts in response to the currency requirements of the business that is being done. The rate established for re-discounting, therefore, becomes a controlling factor in the expansion of credit. When the rate is higher than will permit profitable use of the money thus obtained, loans are no longer sought and deflation begins.

Stability of Credit

Modern business is done on credit. The Federal Reserve System has operated to establish stability of credit for legitimate needs. A striking example of the effectiveness of the System

was the readiness with which the industries of Rhode Island were able to adapt themselves to the productive requirements of the war by means of the facilities the Federal Reserve System afforded through its member banks. Again, the floating of the immense Government war loans and the steady maintenance of financial balance during the unusual period following the war are manifestations of the beneficent influence of the Federal Reserve System upon national business and finance.

SPECIAL BUSINESS SERVICE

THE modern banking institution extends the scope of its work far beyond orthodox banking matters, such as accepting money on deposit, making loans, and discounting notes. It offers its customers a wide range of special services along many important lines.

Credit Information

Manufacturers, merchants, and other customers find the bank of great assistance in securing credit information in regard to individuals and firms anywhere in this country or abroad.

Frequently one desires to learn more about the financial responsibility of one of his customers than he is able to obtain through the ordinary channels of his business. In such a case, the bank can usually supply the additional information because of its relations, direct or indirect, with banks and bankers in all the financial centers of the world.

Information *on* Trade Conditions

In the regular course of its business, the commercial bank keeps in touch with conditions in practically every line of trade, thus accumulating a fund of trade information that can be of great value to many of its customers.

If the banker does not already have the information a customer may desire, he can usually obtain it at short notice from an authentic source.

Drafts

The commercial bank sells drafts on New York and on all other principal cities of the world. It likewise buys foreign drafts from its customers at current rates of exchange.

Transfer of Funds by Telegraph or Cable

Should customers desire to have funds transmitted more rapidly than is possible by postal service, the bank is prepared to effect their transfer in this country or abroad, by means of telephone, telegraph and cable service.

On Raising Capital

Through many years of intimate connection with many businesses, the bank officers can render valuable service to those entering business and to those already in business, who are confronted with the perplexing financial problems likely to arise at any time in connection with business growth and development.

Customers desirous of raising capital for new enterprises, or of increasing the capitalization of businesses already established, will always find it desirable to consult with the officers of their bank regarding the best methods to pursue.

Determining whether to issue bonds or stock, as well as deciding upon the various features of the proposed issue, will depend both upon the nature and needs of the business and the conditions in the security markets where the issues will be offered. Experienced bankers can give their customers the benefit of valuable experience along these lines.

On Starting in Business

Customers intending to start in new lines of business will be likely to find it to their advantage to consult with the bank officers, who can usually secure for them valuable information concerning the particular kind of business proposed.

Your banker will gladly explain the details of capitalization and kindred matters, and be of use in a multitude of other ways.

On Forming a Business Policy

Successful businesses are for the most part conducted along lines which experience has shown to be best. To know the best methods of buying, selling, credit, organization, and management, will often save a young, or even an experienced, manufacturer or merchant much expensive experimenting. The officers of the modern progressive bank will be found ready and willing to help their customers solve these problems, offering freely the benefit of their wide business experience.

FOREIGN DEPARTMENT

THOSE already engaged in exporting and importing, and those who are considering making their first entrance into international trade, will find the Foreign Department of the large city bank or trust company an invaluable aid in handling the various financial transactions involved in foreign business, and also of great service in many other ways. This specialized service can perhaps be best described by taking a representative Foreign Department, such as that maintained by the Rhode Island Hospital Trust Company.

To Facilitate Exports and Imports

The Foreign Department of this Company has the necessary facilities for handling the various financial transactions of both the exporter and the importer: buying and selling foreign drafts (See illustrations—page 73) and bills of exchange, either accompanied by negotiable bills of lading or warehouse receipts; arranging for the advancement of funds and guarantees of payment for foreign shipments (See illustrations of commercial letters of credit—pages 55 and 56); and otherwise meeting the manifold banking needs of firms engaged in foreign trade.

The Department is in a position to obtain reliable foreign information, to secure valuable data in regard to market conditions, to supply information on customs duties and regulations, and to assist customers in many other ways in the transaction of their foreign business.

Foreign Currency

The Department deals in foreign exchange, buying and selling foreign bank notes and coin at the prevailing rates. It also keeps on hand currency of many countries.

Foreign Trade Opportunities

In addition to financing foreign transactions, this Department is prepared to aid customers in the location and development of foreign markets. Its close connection with corporations specializing in the advancement of foreign trade gives it access to valuable information regarding trade opportunities in various countries.

Funds *for* Travelers

For individuals traveling in this country or abroad, the Foreign Department furnishes both Travelers' Cheques and Travelers' Letters of Credit.

Travelers' Cheques

Travelers' Cheques are an ideal combination of convenience and safety, providing their holders with readily available funds and freeing them from the necessity of carrying any large amount of currency. They can be cashed anywhere in the civilized world, at banks, hotels, and business houses. As they can be cashed, however, only by their owner, they afford a thoroughly safe method of carrying funds. Each cheque is signed by the owner when he buys it, and is signed again when he cashes it, the two signatures thus making the Travelers' Cheque self-identifying. (See illustrations—page 76.) The Department sells both American Bankers Association (A. B. A.) and American Express Company Travelers' Cheques in denominations of \$10.00, \$20.00, \$50.00, and \$100.00.

Unused cheques are redeemable upon their presentation.

Travelers' Letters of Credit

When a traveler is planning to go from place to place for an extended period and will need a considerable amount of money, a Travelers' Letter of Credit is a convenient form of credit instrument. (See illustrations—pages 74 and 75.)

It is easily carried and virtually offers the advantage of a personal bank account in every city visited. Introducing its

holder to bankers of repute everywhere, the instrument can be of value as a letter of introduction. Correspondent banks may be relied upon at all times to extend every service and courtesy in their power to promote the traveler's comfort and convenience.

Many firms that send representatives abroad, have the Department furnish them with Letters of Credit to cover their foreign expenses, which may range from the purchase of goods to the opening of a foreign office. The Letter of Credit introduces the holder to the foreign correspondents of the bank, certifies that he is authorized to draw upon its London, Paris, or Rome agents, as the case may be, and requests that his drafts be honored.

The signature of the holder is written at the bottom of the letter. The names and addresses of the correspondent banks accompany the document.

Whenever a draft is made abroad, it is signed in the presence of a representative of the correspondent by whom it is to be paid, and an endorsement is made on the back of the first page of the letter, with date, name of the house making payment, place of payment, and the amount drawn.

The Letter of Credit is drawn in either dollars, sterling, or francs, or other foreign currency, as the customer may wish. Where two or more are traveling together the instrument may be made payable to more than one person, thus enabling the one who finds it most convenient to attend to the matter of procuring funds.

Any undrawn funds may be redeemed upon return of the letter to the bank.

Miscellaneous Services

Business messages from abroad are generally cabled in cipher, which must be deciphered by one familiar with the codes. The

Foreign Department can furnish six different codes: Bentley's, Lieber's, A. B. C. Fifth Edition Improved, Western Union Universal, Western Union Five-letter Edition, and Commercial Telegraph and Cable Code, together with the International Cable Register. Any assistance needed in deciphering is freely given.

Letters written from abroad often need careful translation. Also, translations into various foreign languages are occasionally necessary. The Foreign Department can furnish reliable translators for all languages in which business is likely to be transacted.

Many individuals are desirous of placing funds on deposit abroad, which will enable them to take advantage of current low exchange against the time of a proposed future trip. A foreign bank account can be easily opened and controlled from this country. The person interested in making such a deposit may secure from the Foreign Department any desired information on banks carrying savings accounts, variation in interest rates, and the taxes that are levied by some countries on interest earnings.

The officers of the Department gladly assist travelers in obtaining their passports and making other arrangements for their foreign trips.

\$ 1,000. #

Providence, R.I. April 18, 1922

Four months after date I promise to pay to
 Myself _____ or order
 at the Rhode Island Hospital Trust Company
 One thousand _____ Dollars
 Value received.

No. 10 Due Aug 18, 1922 Howard B. Freeman

65-1090-12-20 AMERICAN NOTE & TRUST CO. PROVIDENCE, R.I.

Endorsed note. See explanation—page 32.

\$ 4,762. ⁹/₁₀₀

Providence, R.I. April 18, 1921

Sixty days after date we promise to pay to
 Frank W. Anthony _____ or order
 at the Rhode Island Hospital Trust Company.
 Forty seven hundred sixty-two ⁸¹/₁₀₀ Dollars
 Value received.

No. 158 Due June 17, 1921 Herbert M. Barber & Co.

65-1090-12-20 AMERICAN NOTE & TRUST CO. PROVIDENCE, R.I.

Endorsed note, made payable to endorser. See explanation—page 32.

TRADE ACCEPTANCE

No. 124 Providence R.I. April 18, 1921.
(CITY OF DRAWER) (DATE)

To John H. White & Co. New York, N. Y.
(NAME OF DRAWEE) (ADDRESS OF DRAWEE)

On June 10 1921 Pay to the order of Frank B. Daniels & Co.
(DATE OF MATURITY) (NAME OF PAYEE)

Two hundred fifty six ²¹/₁₀₀ Dollars (\$256. ²¹/₁₀₀)

The obligation of the acceptor hereof arises out of the purchase of goods from the drawer. The drawee may accept this bill payable at any bank, banker or trust company in the United States which he may designate.

Accepted at New York on April 20 1921
(CITY) (DATE)

Payable at Twin 9 National Bank }
(NAME OF BANK) }
 John H. White & Co. }
(SIGNATURE OF ACCEPTOR) }
 Frank B. Daniels & Co. }
(SIGNATURE OF DRAWER) }
 By Herbert A. Smith Treas.

U.S. Bond

Trade acceptance. See explanation—page 57.

Providence, R. I., *May 2nd 1921*, \$10,000.[#]

Ninety (90) days

Pay to the order of *Correspondent*

Ten thousand Dollars

for value received and to the credit of *Richard Roe & Co.*

Credit *inquired* *April 20, 1921* Number *X3590*

payable at the Federal Reserve Bank of Boston

To the **FEDERAL RESERVE BANK** of Boston
 Rhode Island Hospital Trust Company
 Providence, R. I.

Drawn under Credit No. _____
 Due *August 1, 1921*

Signature of Vice-President
Signature of Secretary

169-B-500-3-19

Bank acceptance. See explanation—page 58.

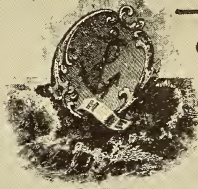
Certificate of Deposit
Not subject to Check

No. 7553 Providence, R. I. April 20 1922 \$5000.00

This Certifies that *John Doe* has deposited in the

Rhode Island Hospital Trust Company

Five thousand 00 Dollars
payable to *himself* or order



On Demand, or as hereinafter specified, in current funds upon surrender of this Certificate properly endorsed, with interest from date at the rate of *2* per cent per annum if left on deposit more than thirty days or *3* per cent per annum if left on deposit more than three months or *4* per cent per annum if left on deposit six months or more

The Trust Company reserves the right, in its discretion, to discontinue the payment of interest after six months from the date hereof upon ten days notice served either personally or through the mail to the recorded address of the payee and may require the holder to give thirty days notice of intention to demand payment thereof.

Countersigned

R. F. Munro
Teller

G. Sherman
Assistant Secretary

Livingston & Wright Co. Providence, R. I.

Certificate of deposit. See explanation—page 25.

New York, April 21, 1921

No. L 4321

The Hemp & Burlap Export Company, Limited,
Calcutta, India.

You are hereby authorized to value on Brown, Shipley & Co. LONDON.
at Four months sight - - -

for account of ~~XXX~~ Providence Bag Company, Providence, R. I.
for any sum or sums not exceeding in all Five thousand - - -
Pounds Sterling for - - - full cost insurance & freight
Merchandise to be shipped to Boston, Massachusetts, in bond to
Providence, Rhode Island.

The Bills of Lading to be filled up to Brown Brothers & Co. and to be drawn
for one hundred (100) bales of Gunnies.

The shipment must be completed and the Bills drawn within three months
from this date and the advice of them to Brown, Shipley & Co. LONDON. (in
duplicate) must be accompanied by Bill of Lading with an abstract of Invoice
endorsed thereon receipt of which documents the Bills will be duly honored.

And Brown, Shipley & Co. LONDON. hereby agree with the drawers, endorsers
and bona fide holders of Bills drawn in compliance with the terms of this Credit
that the same shall be duly honored on presentation at their counting house.

Drafts under this Credit to contain the clause drawn under Credit N.º L 4321
dated New York April 21, 1921

For £ 5,000. Stg. - - -

The user of this Credit will please
send Invoice properly certified
& B/Lading by the vessel

under cover to Brown Brothers & Co.,
New York and advice of drafts when
drawn. The marine insurance, including
the war risk is to be effected by you and
policies are to accompany your drafts.

Brown, Shipley & Co.
By Brown Brothers & Co.

BSB

New York, April 21, 1921.

No. 1234

Messrs. Produce Export Company, Limited, Hong Kong, China.

You are hereby authorized to value upon us

at Ninety days sight - - -

for account of Providence Import Company, Providence, R. I.

for any sum or sums not exceeding in all Ten thousand United States

Dollars - - - for ninety percent cost and freight of

Merchandise to be shipped to Providence, R. I.

The Bill of Lading to be filled up to Brown Brothers & Co. and to be drawn for one hundred (100) tons Chinese Shelled Peanuts, crop 1921.

The Bills must be drawn and shipments completed within three - - - months from this date, with advice to us at the time of drawing (in duplicate) accompanied by Bill of Lading with an abstract of Invoice endorsed thereon.

And we hereby agree with you as the drawer and with the endorsers and bona fide holders of Bills drawn in compliance with the terms of this Credit, that the same shall be duly honored on presentation at our counting house

For \$ 10,000. U.S. - - -

Please fill up the drafts as follows
"Under Letter of Credit"

No. 1234 dated New York,
April 21, 1921.

and also send Invoice properly
certified & B/Lading by the

vessel under cover to Brown Brothers & Co., New York. The marine insurance, including the war risk, is to be effected in Providence by the Providence Import Company.

Brown Brothers & Co.

W.A.

ACCEPTANCES

AN acceptance is nothing more than an “accepted” draft. If the latter is understood as to its underlying principles, the acceptance, which grows out of it, will be easy to understand.

A draft is an order in writing, addressed by one party to another, signed by the drawer, requiring the one to whom it is addressed to pay on demand or at a fixed or determinable future time a certain sum of money, to the order of a specified party, or to the bearer. As commonly used, the draft is accompanied by evidence of a shipment of goods, and requires the buyer either to pay for the goods or to execute a promise to pay by “accepting” the bill before possession of the goods may be obtained.

In the procedure of accepting, the word “accepted” is written across the face of the draft, and the date, place of payment, and signature of the acceptor are written below.

The Trade Acceptance

The trade acceptance is an accepted draft arising out of the sale of goods, and drawn by the seller on the buyer. The buyer’s acceptance is his acknowledgment that the purchase has been consummated, that he is satisfied with the terms of the draft, and that he purposes to meet the obligation at its maturity. As commonly used, the trade acceptance bears a statement on its face to the effect that it represents an actual sale of goods to the acceptor by the drawer. (See illustration—page 53.)

The trade acceptance thus is used only in transactions that concern the purchase and sale of goods, and should not be given

for borrowed money or past due accounts. Although trade acceptances that differ in style or wording may be discounted by banks, trust companies, and banking houses at their discretion, yet to be eligible for re-discount by Federal Reserve Banks, or for purchase by them in the open market, trade acceptances must comply with certain rules set forth by the Federal Reserve Board. It must represent a current transaction. It cannot be made to cover professional services, commissions, sales of stocks or bonds (except bonds or notes of the Government of the United States), or any debts not incurred through the purchase of goods by the drawer. At maturity the trade acceptance must be met with cash payment, not being subject to renewal. It is used most frequently in domestic transactions.

Discounting
Trade
Acceptances Upon receipt of a trade acceptance, the seller can endorse the instrument and discount it at his bank, as he would discount a note (See page 38), thus procuring for immediate use the capital which would otherwise be tied up in book accounts.

The many advantages in the use of the trade acceptance are resulting in its general adoption in commercial circles, by both large and small businesses.

The officers of the bank are glad to discuss the trade acceptance with customers who are interested, suggesting how it may be used to advantage in their various lines of business.

The Bank Acceptance

The bank acceptance differs from the trade acceptance in that the acceptor is a bank instead of a merchant. (See illustration—page 54.) As the bank is of known financial strength, acceptance of the instrument by a bank naturally tends to increase the element of confidence in the transaction, indicating, as it does, the willingness of the bank to lend its credit in connection therewith.

A bank acceptance, in the financial responsibility behind it, is like a certified check.

A Trust Company is empowered to accept drafts arising out of transactions involving the importation and exportation of goods, or out of transactions involving the domestic shipment of goods. It may accept drafts secured by readily marketable staples in storage, or drawn for the purpose of furnishing dollar exchange. Specific information relative to the use of acceptances in the financing of imports and exports may be had from the Foreign Department of this Company.

INVESTMENT AND STATISTICAL DEPARTMENT

THE Investment and Statistical Department of the Rhode Island Hospital Trust Company is prepared to secure any desired information on matters related to investments. It can furnish the latest quotations on listed or unlisted securities, giving interest and dividend dates, past dividend records, earnings statements, and kindred details concerning which security holders should be thoroughly informed.

Investments

With hundreds of millions of dollars' worth of unknown securities constantly on the market, investments require the most careful judgment. An investment that might be excellent for a business man, might not be at all adapted to the needs of a professional man, or absolutely unwise for a woman wholly dependent on the income from her investments.

While a person ordinarily goes to a lawyer for legal advice, and to a doctor for medical advice, yet too often the investor relies absolutely on his personal judgment, meagre as may be his investment experience.

The officers in this Department will be glad to give any customer the benefit of their long experience in investment matters, and to secure whatever information may be desired concerning specific securities, helping him in every possible way to find the investment, or investments, best adapted to his particular requirements.

A vast amount of money is thrown away annually in hazardous speculations in worthless securities. This money could easily be saved if men and women would only consult their bankers in all investment matters.

*Investments
Should be Made
Cautiously and
Intelligently*

Hundreds of instances are available to illustrate the little care taken by thousands of supposedly competent men and women in making investments. A typical instance is that of a young woman who was recently solicited by a salesman, whom she knew but slightly, to invest in the stock of a new company. The salesman painted the prospects of the company in roseate hues, and told the young woman that she ought to buy the stock on the spot, as it was the last day on which she could purchase except at a great advance in price. Instead of consulting her banker, she simply accepted the salesman's word. Not having enough ready cash to pay for the amount of stock she was persuaded to take, she made up the remainder in Liberty Bonds. Of course, the customer would not have bought a piece of wearing apparel with so little consideration. Within as short a time as two weeks, the new corporation was in bankruptcy, with practically a total loss to the stockholders. Its condition had been common knowledge in banking and business circles for some time, and if the young woman had asked any banker about this stock, she would have learned that it was a perilous speculation.

MORTGAGE AND REAL ESTATE DEPARTMENT

WHEN a large Trust Company lends money secured by a mortgage on improved real estate, the transaction involves certain details that have come to be a matter of common practice. Briefly, the procedure is as follows:

First the applicant for a mortgage loan gives the Trust Company certain information that is required in the case of all mortgage transactions, viz., whether the loan is desired for the purpose of buying new property, for improving property now in the possession of the applicant, or for purposes not directly connected with the property to be mortgaged.

Next the applicant furnishes a complete description of the property by filling out a regular application form. This description includes: location, dimensions of lot, style of building, materials of roof and walls, and age of structure, as well as enumeration of the various interior appointments and conveniences. The application includes a description of the improvements and development of the street upon which the property is located, and all essential facts regarding the valuation of the property, such as tax value of lands and buildings, owner's value, amount of insurance carried, and income from rentals.

Upon the filing of this application, the property is examined and appraised, the appraisal being based upon the condition of building and street, character of adjacent property, and prospects of the locality.

After the application has been passed and the evidence of a clear title has been furnished, the loan is made, the Mortgage Department handling all details incident to the transaction.

Property on which a Trust Company holds a mortgage is inspected annually to ascertain that it is kept in good repair and properly insured, that property values in the neighborhood are not declining, and that in every respect the loan is kept as safely secured as at the time it was made.

It is usually part of the agreement between the Trust Company and the mortgagee that a definite amount be paid annually to reduce the loan.

While mortgages are taken by Trust Companies on nearly all classes of approved real estate under proper conditions, yet naturally the majority of these mortgages are secured by good residential property on account of its stability of value and ready salability. Good mortgages being considered a conservative, sound form of investment, they are utilized by Trust Companies for the investment of a portion of both their savings and trust funds.

While mortgage and real estate transactions are an important part of the business of the Rhode Island Hospital Trust Company, yet this Company is not in any sense a real estate agent. It does not buy or sell real estate.

*Property
Management*

It does, however, manage the real properties embraced in trust estates served by the Trust Company as trustee. When the Company takes charge of a property under these conditions, it adjusts and collects rents; maintains adequate insurance; pays off mortgages; pays taxes, water bills, and similar items; also makes necessary and advisable improvements and repairs, taking care of each detail with a view to serving the best interests of the estate. Where disposal of the property is advisable, the Company arranges and consummates the sale.

To secure to one's estate the experience of the Trust Company in the management of real estate is one of the important advantages in naming it as trustee. This experience embraces all the details and responsibilities of the individual property owner, and many others peculiar to the highly specialized service the corporate trustee is constantly called upon to render.

TRUST DEPARTMENT

NO department of the modern bank embraces a wider or more useful range of services than that of the Trust Department, nor are there many individuals or corporations that cannot utilize some forms of this service to good advantage.

Trust Service *for* Corporations

For industrial and public service corporations, and also for incorporated institutions and societies, the Trust Department has the necessary facilities for rendering various services of a specialized and technical character.

For corporations of all kinds, it is prepared to act as Registrar of Stock and Bond Issues and as Transfer Agent of Stocks and Registered Bonds.

Registration of Stock and Certification of Bond Issues

Since these details are highly technical and are carefully circumscribed by law, it is of unquestioned advantage to corporations to have them taken care of by an organization which makes a special business of maintaining familiarity with all registration and transfer requirements, and which has particular facilities for rendering this type of service.

The Trust Department is also prepared to handle the registration and certification of town notes and all kinds of municipal securities.

Transfer of Stocks

The Trust Department serves as transfer agent for the stock of various corporations.

The stock certificate is personal property, whose ownership may pass from one person to another. In order for the new

owner to be recognized as a stockholder, a transfer must be effected on the books of the corporation, the old certificate canceled, and a new one issued.

As transfer agent, the Rhode Island Hospital Trust Company, through its Trust Department, offers a long and diversified experience in this technical field, which assures protection to both the old and new stockholders and the corporation as well.

Corporations find Trust Company transfer service highly satisfactory, and generally less expensive than undertaking to transfer their own stock, which would require the constant employment of one or more specially trained experts by each corporation.

When a Trust Company acts as Trustee for Bond Issues, a mortgage is made under which the Trust Company is named as Trustee. In such a transaction *Trustee for Bond Issues* the borrowers vest the trustee with title to property for the benefit of security-holders. The property involved may consist of securities, real estate, or equipment, or it may be in other forms. If the pledged assets consist of securities, the mortgage is called a "collateral trust."

The securities pledged are put in negotiable form or registered in the name of the trustee, whose duty it is to carry out all provisions of the mortgage. If substitutions are permitted, the trustee sees to it that the security is preserved by substitutions of collateral of equal or greater value.

Collateral trust mortgages usually provide that the borrowing corporation shall maintain a certain margin of collateral. In the interests of security holders, the trustee, if occasion requires, calls attention to this requirement.

In the case of mortgages other than collateral trusts, the borrowing corporation retains possession of the property pledged, so long as it complies with the terms of the trust. In case of

default under either type of trust, however, it becomes the duty of the trustee to act in the interests of the security-holder in such manner as the mortgage may direct.

In acting as Trustee for bond issues, the Trust Company takes custody of the bonds, and makes delivery after having certified on each bond that it has been issued in accordance with the terms of the mortgage and is one of the series of bonds described in the indenture referred to in the bond. The procedure of delivery varies, of course, with the particular issue. In some cases the entire issue is to be delivered at the time the mortgage is executed. Again, deliveries are sometimes made in instalments, either periodically or when stated requirements have been complied with. The terms of the mortgage may provide that prior bonds be retired out of the proceeds of the pending issue.

The Trustee receives the interest on the mortgage from the corporation as it comes due, remits interest directly to owners of registered bonds, and pays coupons presented by holders of coupon bonds.

The Trustee acts under the sinking fund provisions of the mortgage, if any exist. The proper amount must be set aside and disposition made of the fund. The mortgage may provide for retirement of a part of the issue by annual drawings, or may permit the retirement of a part of the issue at the option of the issuing corporation, in which case the Trustee arranges the drawings by lot and publishes the numbers called. In other cases the Trustee invests the sinking fund instalment in interest-bearing securities for the benefit of the security-holders, or it may purchase a portion of the issue in the open market.

The final duty of the Trustee for bond issues is to attend to the details of releasing the security to the borrower upon the retirement of the issue. Under certain trusts and liens, it is generally required that the borrowing corporation retire a

portion of the issue from current earnings each year. Other mortgages require that the bonds be retired serially. When bonds are paid off, the release of the lien is recorded in the various places where the mortgage is on record, and the retired bonds are canceled and destroyed.

As Fiscal Agent for Corporations, the Trust Company takes care of the details involved in the payment of interest and dividends on securities issued by these corporations.

*Fiscal Agent
for Corporations*

The arrangements between the corporation and its fiscal agent vary with each individual case. Sometimes the funds required for making the payments are deposited with the Trust Company in a special account. In other cases the corporation may provide funds by authorizing the Trust Company to charge payments of matured bonds and coupons to its regular deposit account or to the account of some other bank or organization with which it has made previous arrangements.

When asked to make payments arising out of an issue of bonds, the Trust Company obtains a specimen of the bond and coupons or a detailed description of them, together with specimens of the signatures appearing thereon. This information is used in passing upon the validity of bonds and coupons presented for payment.

The arrangement with regard to income tax returns and deductions required by the Federal Law is an important point to be settled prior to establishing fiscal agency relations between Trust Company and corporation. Some concerns attend to this work themselves, while others delegate the matter to the Trust Company. In the latter case the Trust Company requires the corporation to furnish a letter of indemnity protecting it against any claim that the Federal Government may make against it by reason of its making unavoidable errors.

Reorganizations The Trust Company is also prepared to attend to the many important financial matters involved in the reorganization of corporations, acting as depositary for cash and securities belonging to such corporations, and exchanging new issues of stocks and bonds for the old issues.

Escrow Service Business transactions often require an escrow, i. e., the placing of an instrument or securities in the hands of a third party for delivery upon performance of certain conditions previously agreed upon by the contracting parties.

One of the most important considerations to the contracting parties in an escrow agreement is the selection of the proper custodian to hold their documents.

To permit either party to hold the papers would be unwise and unbusinesslike. Merely placing them in a safe deposit box to be opened only in the presence of both parties is inconvenient, and perhaps may be embarrassing.

In the arrangement there are often opportunities for misunderstanding which may cause disagreement. There are many details involved which may be improperly handled by one unfamiliar with them.

It is, therefore, essential that the contract, or other instrument, be entrusted to a third party, not merely to be held in safekeeping, but to insure the proper fulfillment of the conditions. This third party should be entirely disinterested and impartial.

The Trust Department of the Rhode Island Hospital Trust Company offers exceptional facilities for escrow service. Its long experience in handling transactions involving many different documents, such as deeds, abstracts, mortgages, assignments, etc., is found valuable by anyone who requires this particular form of service.

As Agent The Trust Department regularly acts as agent for corporate institutions or their treasurers. This service is described in detail under "Trust Service for Individuals," page 69.

Trust Service *for* Individuals

The Trust Department is prepared to serve individuals in any fiduciary capacity, such as Executor and Trustee under will, Administrator under court appointment where there is no will, Guardian for minors, Conservator for persons who are not able to manage their own estates, and as Agent for those who wish to be relieved of the responsibilities of property management.

In the handling of estate business and in rendering the various other trust services mentioned above, the Trust Company brings to its duties all the facilities and specialized skill of a large organization engaged daily in this particular form of business.

*Advantages of the
Trust Company*

In the Trust Company one finds an executor and trustee of known financial responsibility. Under the laws of Rhode Island a deposit with the State Treasurer of a very substantial amount of securities (an amount equal to 20% of the capital of the trust company) is required as a guarantee of the faithful performance of all duties and responsibilities assumed.

The Trust Company's continued existence as a corporation assures the will maker that if he chooses it as executor and trustee, it will be living and competent to act whenever its services may be required. An individual is liable to accident, illness, death, or what may be still worse for the estate—failing mental powers. Furthermore, he may be frequently absent on business or pleasure at times when the affairs of the estate suddenly require immediate attention. If you should select as an executor and trustee an individual of about your own age, it would be only an even chance that he would outlive you, and if he did, his ability to carry out your plans might be impaired by his advancing age or declining strength.

The Trust Company offers an accumulated experience which redounds to the benefit of every estate in its hands. The officers

of the Company, in the regular course of their duties, are constantly apprised of conditions in the investment market, a knowledge which is of great value in the handling of securities. Made up, as it is, of directors and officers familiar with practically every kind of business, the Trust Company brings to each problem a composite financial judgment less liable to be in error than that of the individual.

The corporate executor and trustee maintains an impartial viewpoint, uninfluenced by any possible family differences of opinion, holding its duty to be the proper execution of the plain directions in the will, and the protection of the interests of beneficiaries. It is the policy of the Rhode Island Hospital Trust Company to uphold persistently the terms of a will or trust instrument, with the administration of which the Company has been entrusted, and even to defend that instrument before the courts if necessary.

Whatever fiduciary service one may wish performed, he will find that the most satisfactory course is to place the matter in the specialized hands of the Trust Department of a strong, conservative Trust Company.

As Executor An executor's duties may be divided into three classes. First come the probate of the will, advertising for claims, making an inventory and appraisal of the estate, the determination of income and inheritance taxes, etc. Attorneys in charge of the legal matters incident to estate settlement always find the facilities and coöperation of the Trust Company especially useful in the consummation of their business.

Next come such duties as the sale of securities and real estate, the disposition of the testator's business affairs, partnership settlements, passing upon duties and claims, and similar matters requiring careful and experienced judgment.

Finally there is the active management of the estate, involving the proper protection and conservation of all assets; personal

study of the character of these assets, so that they may be handled to the best advantage of the estate; estate accounting, frequently demanding expert and technical knowledge; compiling and filing of tax returns; and the making of proper reports and rendering the final accounting to the court.

From the foregoing it will readily be seen that the selection of an executor is a matter of great importance, calling for sound business judgment rather than mere sentiment.

In almost every case, a practical consideration of the essential qualifications of an executor will lead to the appointment of the Trust Company, for reasons so obvious that they are practically axiomatic. The Rhode Island Hospital Trust Company's experience in the administration of estates extends back over a half century; its corporate existence is unaffected by the uncertainties of life.

Furthermore, this Company is glad to establish with the testator during his lifetime such intimate contact that it may become entirely familiar with his personal desires and with the nature and extent of the duties which it is to perform, thus avoiding delays, guesswork, or loss in handling the estate.

When the maker of a will desires to have as his executor some member of his family or some intimate friend, because of such a one's intimacy with his affairs, and at the same time provide his estate with the benefits of the more advantageous administration of the Trust Company, he may name the individual and the Trust Company as co-executors. *As Co-executor*

As Co-executor the Trust Company brings to the aid of its colleagues the wide experience and technical facilities that are often indispensable to the proper handling of certain kinds of business, or the liquidation of assets of an unusual nature.

Where a man or woman dies without making a will, the Trust Company is prepared to accept appointment by the court as administrator, distributing the estate in accordance with the laws of the state. *As Administrator*

It also serves as "administrator with will annexed," to succeed an executor who may die or resign before completing the settlement of an estate, consummating the settlement in accordance with the terms of the will.

Trusts
Under Will A trust under a will is created by providing in the will that a certain amount of money, securities, or other personal or real property, be placed in the hands of a trustee by whom the property is to be held and used as the maker of the will may specify. The title to such property remains in the trustee as such until the termination of the trust.

A trust is, undoubtedly, the surest and safest method for providing for the future welfare of dependents or to insure the carrying out of any project in which a man may be interested.

As a trust has no fixed form, it can be adapted to the carrying out of any purpose, so long as it is in conformity with the law.

A typical illustration of the use of trusts was contained in the will of Mr. S., who at his death left a widow and young son and daughter.

A trust was arranged for Mrs. S. to give her a good income for life. Under the terms of the trust, various securities were left with the trustee in such a way that Mrs. S. could dispose of the principal of the trust fund in her will as she saw fit. The trust relieved her entirely of financial burdens, so that she could give undivided attention to the care of her children and to other interests.


The trust for the son, who was only twelve at his father's death, provided that as much of the income as was necessary should be used for his maintenance and education, the remainder of the accumulated income being paid to him when he came of age, from which time he would receive the income as it was earned.

None of the principal of the trust fund, however, was to be paid to him until he was twenty-five, and then only under certain conditions. If he had entered a profession or was established in business he was to have a third of it, the other two-thirds to be turned over to him when he was thirty.

Rhode Island Hospital Trust Company

£ 1000. — Providence, R.I. U.S.A. May 25th 1922

Pay against this Original cheque (Duplicate unpaid) to the order of
John Smith
ORIGINAL
 One thousand pounds Sterling
 value received, and charge to the account of

 TO LONDON COUNTY WESTMINSTER AND PARR'S BANK, LTD. LONDON, ENGLAND

No 504 Specimen


Spe R. S. Richards Vice President
 L. E. Barber Asst. Secretary
 Counter signed Draft Teller

Foreign draft in sterling. See "Foreign Department"—page 49.

Rhode Island Hospital Trust Company

Francs 20 000. — Providence, R.I. U.S.A. May twenty fifth 1922

Pay against this Original cheque (Duplicate unpaid) to the order of
Pierre Gamband
ORIGINAL
 Twenty thousand Francs
 value received, and charge to the account of

 TO LONDON COUNTY WESTMINSTER AND PARR'S FOREIGN BANK, LTD. PARIS, FRANCE

No 323 Specimen


Spe R. S. Richards Vice President
 L. E. Barber Asst. Secretary
 Counter signed Draft Teller

Foreign draft in francs. See "Foreign Department"—page 49.

Rhode Island Hospital Trust Company

Lit. 40,000 — Providence, R.I. U.S.A. May 25th 1922

Pay against this Original cheque (Duplicate unpaid) to the order of
Vincenzo Cimaglia
ORIGINAL
 Forty thousand Lire
 value received, and charge to the account of

 To Credito Italiano Napoli Italy

No 502 Specimen

Spe R. S. Richards Vice President
 L. E. Barber Asst. Secretary
 Counter signed Draft Teller

Foreign draft in lire. See "Foreign Department"—page 49.

RHODE ISLAND HOSPITAL TRUST COMPANY

CIRCULAR LETTER OF CREDIT. No. ~~45908~~ ^N ~~45908~~ ^Y FOR ~~\$5000~~ *\$5000*

No. ^N 45908

Providence, Rhode Island, June 2, 1921

Gentlemen,

Mr. Howard Kyle and Mrs. Emily F. Kyle—to whom you will please furnish such funds as you may require up to the aggregate amount of \$5000— FIVE THOUSAND dollars against demand drafts on MESSRS. BROWN BROTHERS & Co. NEW YORK, each draft to be plainly marked drawn under our Letter of Credit

No. ^N 45908

We engage that such drafts shall meet with due honor if negotiated on or before DECEMBER 31—1921 and request you to buy them at the rate at which you purchase demand drafts on New York

The amount of each draft must be inscribed on the back of this letter and to this we wish to call your special attention. This letter draft should be cancelled and attached to the final draft drawn.

Please see to it that the drafts be signed in your presence and carefully compare the signature with the one below. We are, Gentlemen, Your obedient Servants,

5000

For undersigned
Frank B. Proctor

RHODE ISLAND HOSPITAL TRUST COMPANY,

G. R. Hibbert, Vice President

To Messieurs
The Bankers mentioned in our
List of Correspondents.

The signature of
Howard Kyle
Emily F. Kyle

THIS LETTER TO BE SUBSCRIBED WITH THE LAST DRAFT HERETOFFER

NOT EXCEEDING FIVE THOUSAND DOLLARS.

IN THE UNITED STATES AND CANADA, PLEASE PAID 10¢ PER

ENDORSEMENTS ONCE MADE HEREON, OF PAYMENTS, MUST BE ALLOWED TO REMAIN WITHOUT ALTERATION OR ERASURE. CARE SHOULD THEREFORE BE TAKEN TO UNDERSTAND EXACTLY ABOUT PAYMENTS DESIRED, BEFORE INSCRIBING AMOUNTS BELOW. ON THE PAYMENT OF ANY SUM EXHAUSTING THIS CREDIT, THIS LETTER MUST BE SURRENDERED BY THE HOLDER, AND ATTACHED BY THE BANKER NEGOTIATING THE DRAFT TO THE SAID DRAFT.

DATE WHEN PAID.	BY WHOM PAID.	NAME OF TOWN.	AMOUNT PAID EXPRESSED IN WORDS.	AMOUNT IN FIGURES.
12/6/21	BROWN, SHIPLEY & CO.	LONDON	Seven Hundred Dollars	\$ 700 —
11/7/21	STOCKHOLMS ENSKILDA BANK,	STOCKHOLM	One Hundred Dollars	100. —
8/7/21	DEN DANSKE LANDMANDSBANK,	COPENHAGEN	Eight Hundred	800 —
13. 7. 21	DRESDNER BANK,	BERLIN	Seventy Five Dollars	75 —
20 juillet	CREDIT COMMERCIAL DE FRANCE	PARIS	one thousand Dollars	1000 —
22. 7. 21	Credit Lyonnais	Marseille	Three Hundred Dollars	300 —
2 August	CREDITO ITALIANO,	Naples	Seventy Five Dollars	75 —
20 Aug	Credit Lyonnais	Port-Said	Ninety Dollars	90 —
20 Sept.	Jos Cook & Son	Calcutta	Five Hundred	500. —
12 Oct	Wahlgren & Hengsten Banking Co.	Singapore	Two Hundred dollars	200 —
28/10	Asia Banking Corp	Shanghai	Seven Hundred Dollars	700 —
10/11	Yokohama Specie Bank.	Yokohama.	One Hundred Sixty Dollars	160 —
30/11/21	Bank of Hawaii & Co Ltd	Honolulu	One Hundred Dollars	100 —
DEC 2 4 1921	First National Bank	San Francisco	Two Hundred Dollars	200 —

\$ 5000 —

Amount Carried Forward,

By these provisions his inheritance would be kept intact for him until his judgment was mature and he had time to acquire considerable business experience.

For the daughter the arrangements were similar. None of the principal of the trust created for her was to be paid over until she was thirty, unless she married before she reached that age. In any case, only one-half of the principal was to be given to her outright, the other half being held in trust throughout her life, giving her the right to dispose of it in her will.

In this manner Mr. S. thoroughly protected his family from financial adversity, and prevented the possible dissipation of his estate through the financial inexperience of his wife or children, safeguarding them from the advice of injudicious friends as well as against the schemes of the unscrupulous.

This is merely an example. There are innumerable ways in which a trust can be made to safeguard relatives or other dependents, or enterprises in which you may be interested.

Whether or not the Trust Company is named as executor in a will, it is empowered to serve as trustee of *As Trustee* of trusts that may be created in the will.

While many of the qualifications that a trustee should possess are the same as those required for the work of an executor, the continuous existence of the Company as a corporate institution is of even greater importance when it serves as trustee, as most trusts run for a long term of years.

For those who desire during their lifetime to arrange their affairs in such a way as to make suitable provision for themselves or their relatives, or for any other purpose, and at the same time to free themselves from the business details incident to the accomplishment of this purpose, the voluntary trust (also called the "trust under deed" and the "living trust"), *Voluntary or Living Trusts* offers a most satisfactory plan.

The plan of the voluntary trust may be explained briefly as turning over all or part of one's property to the Trust Company,

as trustee, to be handled in such manner as may be specified by written deed.

The main point of difference between a voluntary trust and a trust established under a will, is that the voluntary trust becomes operative at once, or at least at a certain stated time, whereas a trust created by will comes into existence only upon the death of the maker of the will.

The property involved in the voluntary trust is held by the trustee during the period of the existence of the trust. Funds are invested and reinvested as occasion arises. Income is collected and paid to the proper beneficiaries. Upon the fulfillment of the conditions named in the deed, the trust is terminated, and the property distributed in accordance with the provisions in the trust instrument.

This type of trust may be either revocable or irrevocable. If the trust is made revocable, the maker reserves the right to revoke or annul his trust deed and resume possession of his property, or modify the provisions of his trust. But if the trust is made irrevocable, the property is deeded to the trustee without power to recall.

The voluntary trust permits of almost unlimited variation in plan, according to the wishes of the maker. A few of the representative objects accomplished by the creation of voluntary trusts are: to provide for income payable to the maker during his lifetime and to certain beneficiaries after his death; to provide for the support of infant children, or of a wife during her life; to provide for the education of an individual; to provide funds for the furtherance of charity; to satisfy financial clauses in divorce or separation agreements; to collect and dispose of life insurance.

Through a voluntary trust, a man may, at a time of personal prosperity, provide for his dependents and thus free himself for all time from any anxiety as to their future.

In effect, a trust under deed supplements, or in some cases even takes the place of, a will in disposing of an individual's property, according to whether he places all or only a portion of it in trust.

A few years ago one of the customers of the Rhode Island Hospital Trust Company decided that he would like to make arrangements for the division of his property among his wife and his three children. He preferred to do this during his lifetime so that they would all know what was being done, and so that they would be spared the delay necessarily incident to the administration of an estate.

Accordingly, he established four trusts under deed, one for his wife, and one for each of his three children, dividing his property, which was largely in the form of securities, among these four accounts.

As he was retired from business and was placing the bulk of his property in these accounts, he directed that the income should be paid to him during his lifetime.

Some time after these trusts were created his wife died, and the maker of the trust then exercised his power of revocation, which he had retained in the trust instrument providing for her, and divided the property of that trust among the three remaining trusts.

Recently the maker of the trusts died, and in each of the remaining trust deeds was a clause providing that any income from the trust undrawn at the time of the maker's death should be added to the principal, and the resulting total administered according to the provisions of the deed.

By the provisions of the deeds the children will receive the income from their trusts in quarterly installments during their lifetime. At their death the property will be disposed of according to the provisions of the various instruments.

In the case just cited, the voluntary trusts were made to include all the provisions which the maker would have incorporated in a will.

It is obvious that the voluntary trust is exceedingly elastic, and can be made to fulfill almost any conceivable purpose. As the drafting of such a trust agreement must be in accordance with the laws of the state which will have jurisdiction over it, and as it is in any case a highly technical instrument, persons intending to create such a trust should by all means enlist the services of competent legal counsel.

Individual circumstances and purposes must govern the plan of the voluntary trust. An ideal arrangement for one individual might be entirely unsuitable for another. Thus, no specific recommendation can be made to an individual without personal consultation and conference. But as a plan providing for one's dependents, and the delegation of burdensome details to an organization specially established and equipped to perform such service, a voluntary trust instantly commends itself.

The Trust Officers are always glad to explain this service to anyone who may be interested, and to assist him or her in the formation of that particular plan which will best meet requirements.

As Guardian Property coming to a minor child in his or her own name requires the appointment of a guardian if the handling of the property involves any business relations with other persons.

It may be generally considered that receipts, contracts, or other obligations made by a minor child are not binding, and therefore the child must be represented by a properly appointed guardian.

An individual acting as guardian, even if that individual happens to be one of the parents of the child, is required by law to give a bond. A bond of a surety company, however, is not required when the Trust Company acts as guardian, and its appointment not only obviates the expense of surety on bond but relieves the

parents of all the details and technicalities of the work, besides assuring safe and efficient handling of the child's property.

Thus, if a child, one or both of whose parents are living, inherits property from some other relative, it will be wise to consider the advantages of having the Trust Company named as guardian.

The services of the Trust Department are available as conservator for the property of individuals who for various reasons lack the personal qualifications or capacity for property management. Under the active management of the Trust Company, such property is handled efficiently and economically, and protected from loss.

As Conservator

One of the special services that the Trust Department of the Rhode Island Hospital Trust Company renders is the care and handling of all kinds of securities.

*As Agent for
Security Owners*

Bonds, stocks, and interest-bearing securities of any sort, may be deposited with the Trust Department, relieving the owner of all details of management without minimizing in any way the owner's personal control.

All securities deserve and require close, constant attention, if the owner is to be secured from loss or annoyance. The maturities of coupons and principal of bonds, mortgages, and other securities, must be looked after, and interest and dividends collected promptly or their non-payment given immediate consideration. Holders of an original issue of securities are very often granted the right to subscribe to later issues, and sometimes are permitted to exchange their holdings for different obligations of the same company.

Whatever value attaches to these various privileges must be exercised by specific dates. Should the owner not care to avail himself of these privileges, he can usually dispose of them, as "rights," to good advantage.

Very often provision is made for calling bonds or other obligations for payment at a time prior to their maturity. Such a call should be known immediately, in order that the securities may be presented, for they yield no interest after the date set in the calls for advance payment.

Obviously, deliveries to complete sales, pledges, or transfers, consume a certain amount of time. Should the owner be absent on business or vacation, or through illness, the inaccessibility of his securities may cause great inconvenience or costly delay.

The Trust Company receives securities under a deposit agreement, and holds them in safe-keeping. At the proper time the coupons on bonds are cut and forwarded for collection. Dividends on stocks are collected when the Company has been so authorized. Payments of interest and principal on notes and mortgages are received and endorsed.

Collections of savings bank interest and any other items, including principal which may become due, are attended to promptly.

Such collections are paid over to the owner of the securities as he may designate, or, if preferable, are transferred to his call account at stated intervals, at which time statements of all receipts and expenses are made. Coupon and bond ownership certificates, required by the government in connection with Federal Income Tax returns, are furnished and filled out for the customer.

At the end of the year the customer is furnished with a report of the income collected during the year, in proper form for use in making out his income tax returns.

Though this particular type of service does not include the assumption of responsibility for the investment of funds entrusted to its care, yet the Company is always glad to give customers the benefits of its Statistical Department and advise them in the

matter of investments. The Company does, however, inform the customer of all rights, calls, and maturities that may affect his holdings. Upon request, the Trust Officers will make such investments as are determined upon and directed by the customer.

Should the customer desire to delegate a larger responsibility to the Trust Company, he can extend full authority to invest and reinvest personal funds.

The majority of security holders are busy men and women who find it almost impossible to take the time and pains necessary to realize full value on such investments. Many owners of securities are unfamiliar with the handling of the many details involved. Others are customarily absent from their homes or places of business over long periods of time, when securities must be left to take care of themselves. In all such cases, it is advisable to place them in the hands of those who are especially experienced in investment matters.

The Trust Officers are always glad to explain in detail the advantages of placing securities under the care of the Trust Company.

For corporate institutions, such as colleges, schools, churches, libraries, hospitals, etc., the Trust Company has the necessary facilities for serving as financial agent, taking charge of the investment of endowment and other funds, collecting and disbursing income from property, and securing to such institutions an efficient and economical management of all of its finances.

*As Financial
Agent*

The experience of the Rhode Island Hospital Trust Company in the performance of this form of service extends back over many decades.

The services of the Trust Department are available to the treasurers of institutions, societies, and clubs, to relieve them of the routine details of their work, and to aid them in all financial matters where they may wish assistance, such as the preparation of statements, compilation and printing

*As Agent for
Treasurer*

of yearly reports, collection of income, and the safekeeping and care of securities (see "As Agent for Security Owners," page 81).

*As Agent for
Executor or
Trustee*

An individual named as executor or trustee in the will of a friend may relieve himself of the heavy responsibilities involved, and at the same time secure the most efficient service for the estate, by engaging the Trust Company as his agent. Many of the services commonly rendered as agent have been mentioned in the preceding paragraphs.

By law the individual executor and trustee is exempt from liability for money and securities deposited with the Trust Company. Section 4, Chapter 231, of the Banking Laws of Rhode Island reads, in part:

"Every trust company shall have the power: . . .

"(b) To receive from executors, administrators, assignees, or receivers, trustees, custodians, conservators, or guardians of the estate of any person, moneys in their hands, and to allow such rate of interest thereon as may be agreed upon; and the deposits so made shall discharge the said executor, administrator, assignee, or receiver, trustee, custodian, conservator, or guardian so making the same from all personal liability for any loss or damage which may ensue to the estate in his hands by reason of having made such deposit.

"(c) To receive from executors, administrators, assignees, or receivers, trustees, custodians, conservators, and guardians, bonds, notes, mortgages, certificates of stocks and other securities, as well as moneys, and to collect, pay over, or invest the dividends, income, interest, and profits thereof according to the requirements of the trust upon which the same may be held by said depositors and received by said trust company; and such executors, administrators, assignees, or receivers, trustees, custodians, conservators, and guardians depositing any of such securities with said trust company shall be exempt from liability therefor as if they had deposited moneys in their hands with the said corporation."

SAFE DEPOSIT DEPARTMENT

ONE of the most valuable services of the modern bank is the protection afforded to valuable property of all kinds through the Safe Deposit Department. The safe deposit facilities of the Rhode Island Hospital Trust Company may be described as typical of those offered by the country's leading banking institutions.

500-Ton Vault

The Safe Deposit Department of this Company is equipped with one of the strongest vaults ever constructed. Its total weight is 500 tons. Its two entrances are guarded by doors weighing 25 tons each, and swinging on 22-ton frames.

Although located in the banking building, the vault is in reality an entirely separate structure, resting on foundations of its own.

It has the unusual characteristic of being completely visible underneath, as well as from the top and four sides, so that attack at any point may be instantly detected. Except at points where the steel structure rests on solid piers, the space under it is open. Observation wells extend down from the floor outside its walls, with mirrors at the bottom, set at an angle of 45°, which reflect to the eye of any observer above the open spaces under the vault, which are, of course, brilliantly lighted. Open corridors extend around all four sides, and the vault's top is built into the main floor of the banking room immediately above.

The construction of the 3-foot walls embodies every device known to modern engineering to make them impervious to the

most scientific attack. Even the Blau-gas torch, the robber's most effective weapon in attacking steel, is here rendered powerless by substantial layers of crushed glass slag, in addition to the three grades of steel (adapted to resist different forms of drilling), concrete, cast copper, and iron of which the vault's walls are constructed.

A special waterproofing element is included in the concrete mixture. The doors when locked are forced into ground seats against packing, thus rendering the vault water-tight and steam-tight as well as explosion-proof.

This vault illustrates with peculiar impressiveness the physical aspects of security. But there is more to it than mere strength. The walls, doors, roof, and floor are equipped with an electric signal system which connects with the offices of the Rhode Island Electric Protective Company. The first attempt to force entrance into the vault would instantly bring a reinforcement of guards to aid the Company's own watchmen, who are on duty day and night.

Identification The identification plan as practiced by the Department makes sure that no unauthorized person shall gain entrance to the vault.

Upon renting a safe deposit box, the customer writes his signature upon the contract, and this signature provides a means of identification for future reference. The customer also files a personal identification card which contains essential data.

Where several officers possess the right of access to an organization safe deposit box, as in the case of corporations or associations, the contract specifies each individual authorized to have access to the box. In addition, each of these designated officials must write his or her signature upon the contract. Should there be a change of officers at any time, a certified copy of the vote

making this change must be filed with the Safe Deposit Department before the new appointee is permitted to use the box.

When the holder of a box enters the Safe Deposit Department, he goes to the main desk, where he receives a slip upon which is written his name and box number. Sometimes as an aid to identification, he may be asked to sign his name. This slip is stamped by a time-clock which prints upon it the hour, the day of the month, and the year. (See illustration—page 16.) This slip passes him through the heavy steel-barred gate, where he is met by a vault attendant who conducts him to his particular box.

The box holder leaves his pass slip with the vault attendant.

These time-stamped slips are retained in the Department for the convenience of the customer, and serve as a permanent record of all the visits he has made to his box.

This identification system serves three purposes. It prevents any unauthorized person from entering the vault. It provides a record of all visits that he or his deputy has made to his box, which at any time may prove of value to the safe deposit box holder. It makes it easier for the bank to trace the ownership of any articles or papers that a customer may have overlooked in the coupon rooms.

The Safe Deposit Department is prepared to furnish boxes of all sizes, from small ones suitable for the needs of the individual with but a few securities or valuable papers, to large safes divided into any desired number of compartments to meet the needs of large corporations.

*Boxes
of All Sizes*

Each of these boxes has a six-tumbler lock which can be opened only with both the "customer" and the "guard" keys operating in combination. Hence, no box can be opened except by its owner with the coöperation of an attendant of the vault, making it impossible for anyone but the owner to obtain access.

There are also boxes with double combinations, one known by the customer, or another officer of the organization controlling box, and the other by the guard or by two officers of the organization, the two combinations being operated simultaneously to open the box.

To Keep Valuable Papers

One of these safe deposit boxes affords the greatest possible security for bonds, stocks, mortgages, notes, deeds, leases, life insurance policies, fire insurance policies, contracts, and other similar papers, which under ordinary conditions in the office or home might easily be mislaid, lost, or destroyed. Many papers in connection with business management and property ownership are quite irreplaceable, and for these the safe deposit box is indispensable.*

Even though one may have a good fireproof and burglar-proof safe in his own office, there are many papers that he should keep in a safe deposit box, for in the event of a serious fire, the chances are that his office safe, even though thoroughly fireproof, may not be accessible for several days just at the time when he may have the greatest need for some of the papers.

The cost of safe deposit service is so small in proportion to its real value that every person having securities or papers of importance can well afford to avail himself of this protection. Boxes $2\frac{1}{2} \times 5\frac{1}{2} \times 12$ inches, generally ample for the individual, can be had at the Rhode Island Hospital Trust Company for a very small annual rental.

*The reader will note that we have not recommended that wills be kept in a safe deposit box. A better arrangement is to file a will with the bank, taking a receipt for the document.

The will is then filed in the bank's vault. Upon the maker's death the bank delivers the will to the proper person.

This simple method of handling a will obviates any possibility of its being overlooked or destroyed and makes certain that it will be produced intact and without delay whenever it may be required.

Of course, the maker of the will may at any time withdraw the document from the bank's custody should he so desire.

Bulk Storage *for* Household Valuables

In addition to the main vault containing safe deposit boxes for papers and jewels, the Safe Deposit Department maintains a special vault for the storage of more bulky valuables.

Almost every home contains numerous highly-prized articles such as paintings, porcelain, pottery, antiques, laces, and silver. Frequently these possessions are heirlooms of value greater than that of price alone. During vacation time, or whenever one's house is temporarily closed, the bulk storage vault may be conveniently utilized for the safe-keeping of such articles.

Many customers make a practice of keeping certain household valuables in the vault all the time except when actually using them, and are thus constantly protected from all danger of loss through fire or theft.

Salesmen and others carrying valuable samples, plans, or models, are afforded excellent facilities at this Department for the safe-keeping of their sample cases overnight or for any desired time.

AGRICULTURAL DEPARTMENT

THE fundamental purpose of the Agricultural Department is to bring together, on terms of mutual understanding and coöperation, two important factors of community life: agriculture and banking.

One of the greatest problems the New England farmer has had to solve is how to obtain sufficient credit to carry out his work. Living, in most cases, at some distance from the business centers, the farmer could not easily maintain a coöperative contact with his fellow business men. And the usual result was that the farmer had to work out his own salvation as best he could.

The Rhode Island Hospital Trust Company was one of the first banking institutions in New England to recognize the need for more active coöperation between agriculture and business in general, by establishing a special department through which those engaged in agricultural enterprises might have freer access to the services which the Trust Company renders.

To this Department the farmer can bring his business problems with full assurance that he will be accorded the same helpful service that is accorded the manufacturer or merchant.

Working Capital *for* Farmers

Through the Agricultural Department this Company stands ready to lend the farmer working capital for producing and marketing his crops, and under the same conditions as govern the lending of money to manufacturer, merchant, or any other business man. (See illustration financial statement — page 94.)

However, the furnishing of working capital at reasonable rates is but one aspect of the service of the Agricultural Department.

Useful Information

In charge of this Department are men of long experience in agricultural and business matters. Through them the farmer may obtain information and advice which may be of the utmost value.

The Department shows its customers how to keep accurate accounts and records, so that they can tell at all times whether they are operating at a profit or loss. It encourages the breeding of pure bred stock, the utilization of labor saving machinery, coöperation in buying and selling, and advises the farmer in the matter of adapting these practices to his particular enterprises.

Briefly, the Agricultural Department stands ready to help the farmer in every way—buying, producing, marketing—and welcomes the opportunity to extend its services into new channels through which it may be of greater usefulness.

Conclusion

ASK YOUR BANKER

A BANK, like any other business institution, flourishes only in proportion to the service it renders. And the more progressive the bank, the greater will be its desire to serve in ways other than those provided for in technical banking facilities.

The Rhode Island Hospital Trust Company typifies the modern, progressive bank in the complete range of banking services which it provides. More than that, it is representative of the leaders in that most helpful form of banking which welcomes every opportunity to cooperate with customers toward the achievement of practical and worthy business aims.

Since its founding, in 1867, this Company has been keenly interested in the advancement of Rhode Island's industry and commerce, always holding itself in readiness to assist to the full extent of its ability each and every customer who requires specific forms of service or personal counsel.

With its experience of more than half a century upon which to found new forms of utility, and with eagerness to adapt itself to the growing needs of the community of which it has so long been a conspicuous part, this Company invites all customers to call upon it for whatever form of banking and business assistance may be desired.

This book has been published and presented to you in order that you may become more intimately acquainted with the various forms of service that the Trust Company regularly renders, and to enable you to use these services in such a way that your

Coupons for collection should be left at least ten days before maturity.

Providence, R. I. *May 25* 192*2*

Rhode Island Hospital Trust Co.

Please enter the following *Coupons for Collection*
for account of *John Doe*

Name of Coupon	When Due	Amount
<i>Penna Railroad Co.</i>	<i>June 1</i>	<i>22.50</i>

Form 1001
Revised Jan., 1922
U. S. INTERNAL REVENUE

OWNERSHIP CERTIFICATE—TAX NOT TO BE PAID AT SOURCE
INTEREST ON BONDS AND OTHER SIMILAR OBLIGATIONS OF DOMESTIC AND RESIDENT CORPORATIONS

NAMES MUST BE LEGIBLY
TYPED OR PRINTED

DEBTOR ORGANIZATION
NAME *Penna Railroad Co.*
ADDRESS _____

OWNER OF BONDS (Give name in full)
NAME *John Doe*
STREET *59 St*
CITY *Providence* STATE *R. I.*

Due date *June 1 1922* Date paid _____
Issue of Bonds: *Serial Intg.*

OWNER (Citizen or resident of U. S.)
INTEREST ON BONDS AND SIMILAR OBLIGATIONS
With tax-free covenant clause _____ Without tax-free covenant clause _____
1. Individual or fiduciary (Personal exemption claimed) * \$ *XXXXXX*
2. Individual or fiduciary (Not subject to withholding) * \$ *22.50*

I certify that the owner of the bonds or other similar obligations from which the interest entered herein was derived falls within the class of persons or organizations opposite which the amount of such interest is entered and is entitled to such interest without deduction of tax.

SIGNATURE OF OWNER, TRUSTEE, OR AGENT
John Doe

Address of Trustee or Agent

From **RHODE ISLAND HOSPITAL TRUST CO.**
PROVIDENCE, R. I. (57-33)

204
TITLE OF Coupons } *Penna Railroad Co.*
Depositor } *John Doe*
Due *June 1 1922* 1. Coupons at _____ Each _____
Coupons at _____ Each _____
Coupons at _____ Each _____
Total *22.50*

Where Payable *N. Y.*

Enclose only one kind of Coupon

This certificate is valid only if the interest claimed in this certificate must not be income tax
-11708
TRUST OFFICE

Coupon collection forms to accompany coupon deposits.

Statement made by Harry WilliamsAddress Burrillville - R. I.

Agricultural Department

To the Rhode Island Hospital Trust Company:

For the purpose of procuring and establishing credit from time to time, I make the following as a true and correct statement of my financial condition on the 16th day of May 1922, and agree that in case any change occurs that materially reduces my ability to pay all claims or demands against me, I will immediately notify, in writing, the Rhode Island Hospital Trust Company.

Assets		Liabilities	
Cash in Bank and Savings	325 00	Owing on notes to Bank	— —
Loaned on notes		Owing on notes to others	300 00
Amount owed me ^{1921 - milk} on ^{equities}	675 00	Owing for current bills	400 00
Stock in coop. association	100 00		
Investments ^{Farm Loan Bonds}	275 00		
Products on Hand ^{grain - Ray wood}	630 00		
Live Stock	2280 00		
Real Estate Owned	9000 00	Mortgages on Real Estate	2500 00
Machinery and Equipment	3252 00	Other Debts ^{Insurance due}	37 50
Other Assets			
		Total Liabilities	3237 50
		Net Worth	13,299 50
Total	16,537 00	Total	16,537 00

Profit made last year \$ 2850.00Insurance on Buildings \$ 3000, Equipment \$ _____ Live Stock \$ _____ Life \$ 1000.Amount of Loan Requested \$ 1500.00 Purpose for which loan is tobe used Purchase fertilizer, seed, machinery for spring work, also some grain.

(Signed)

Harry Williams

banking connection may become more and more valuable to you as the years go on.

Necessarily, the banking requirements of individuals differ according to particular circumstances. If in your business or personal affairs there are banking problems that are not answered in this book, and there are no doubt many, do not hesitate to ask your banker for information and advice.

He has made banking and business problems a lifelong study, and if, as is the case with the officers of the Rhode Island Hospital Trust Company, he is imbued with the constructive, friendly spirit of modern banking, he will be found only too glad to make the benefits of this experience freely yours.

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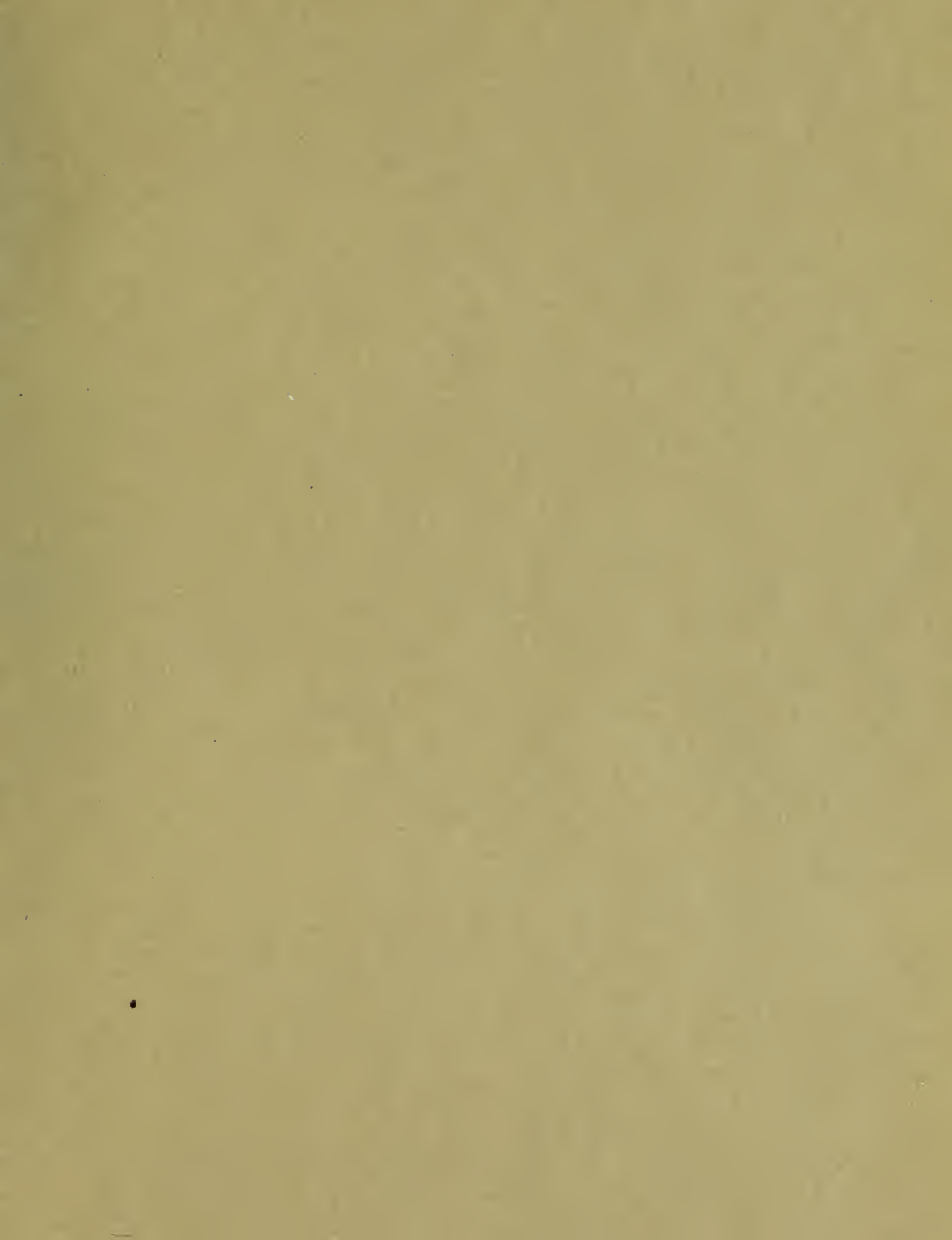
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