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No. 6

### OFFICERS AMERICAN BANKERS ASSOCIATION, 1911-1912.

<p><b>PRESIDENT:</b> WILLIAM LIVINGSTONE, Pres. Dime Sav. Bank, Detroit, Mich.</p> <p><b>FIRST VICE-PRESIDENT:</b> CHARLES H. HUTTIG, Pres. Third Nat. Bank, St. Louis, Mo.</p> <p><b>CHAIRMAN EXECUTIVE COUNCIL:</b> ARTHUR REYNOLDS, Pres. Des Moines Nat. Bank Des Moines, Ia.</p> <p><b>GENERAL SECRETARY:</b> FRED. E. FARNSWORTH, Eleven Pine Street, New York City.</p>	<p><b>TREASURER:</b> J. FLETCHER FARRELL, V-Pres. Ft. Dearborn Nat. Bk., Chicago.</p> <p><b>ASSISTANT SECRETARY:</b> WILLIAM G. FITZWILSON, Eleven Pine Street, New York City.</p> <p><b>GENERAL COUNSEL:</b> THOMAS B. PATON, Eleven Pine Street, New York City.</p> <p><b>MANAGER PROTECTIVE DEPARTMENT:</b> L. W. GAMMON, Eleven Pine Street, New York City.</p>
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## THE NEW ORLEANS CONVENTION.

ON Saturday morning, November 18th, the first of the numerous special trains conveying delegates and guests from all sections of the United States to the Thirty-Seventh Annual Convention of the American Bankers Association arrived at New Orleans. During that day and the two days following, the influx of bankers in the city amounted to several thousand. It was noticeable that practically all the financial institutions of the country were represented this year by the officers—men most prominent in the financial world; and on whom depended to a large extent the successful culmination of the all-important question of currency reform.

The St. Charles Hotel, which was headquarters, was the centre of continuous activity, and all the other hotels in the city were filled to their utmost capacity.

When the registration rooms of the Association opened in the St. Charles Hotel, a line of delegates reaching around the corridors were waiting to register and secure their credentials and the necessary paraphernalia which goes therewith, to entitle them to the privileges of the convention.

The method of registering which the Association adopted at Los Angeles last year, and which is done by the aid of expert typists taking the necessary information directly from the delegates, is expedited in such a way as to avoid any delay, such as occurred

under the old system; and the time now involved in registering is reduced to a minimum.

By these means also, the Association is enabled to publish a daily registration list in booklet form ready for distribution at an early hour each morning. The registration this year was 2,900.

#### Committee Meetings.

On Monday, November 20th, meetings of the various committees of the Association were held for the purpose of considering matters pertaining to their work during the past year, and also for the preparing of reports for presentation to the Executive Council and to the Convention.

The Executive Council convened at 2.30 p. m. In the absence of Chairman Charles H. Huttig, who had been seriously ill in New York for several weeks; Edward L. Robinson, Vice-President of the Eutaw Savings Bank of Baltimore, was selected as temporary chairman.

Before proceeding with the regular order of business, a letter was read from Chairman Huttig to Vice-President Livingstone, expressing his regrets at being unable to be present, and the hope that he would be able to return to work by the first of January.

A resolution was unanimously adopted by the Council expressive of the great regret that they felt at his absence; and a committee was appointed to

send a telegram to Mr. Huttig, and also to prepare a suitable resolution for presentation to the next meeting of the Council and to the Convention.

The following were elected members of the Council to fill vacancies: William C. Poillon, Vice-President Bankers Trust Co., New York City; Joseph W. Wheeler, President First National Bank, Crookston, Minn.; Nelson N. Lampert, Vice-President Fort Dearborn National Bank, Chicago; William G. Edens, Asst. Secy. Central Trust Co., Chicago; E. J. Bowman, Vice-President Daly Bank & Trust Co., Anaconda, Mont.

#### FIRST DAY'S SESSION OF CONVENTION.

When President Watts called the convention to order in the Athenaeum at 10 o'clock Tuesday morning, delegates from practically every State in the Union were in attendance and the boxes and galleries were occupied by guests.

The invocation was pronounced by Most Rev. James H. Blenk, Archbishop Catholic Archdiocese of New Orleans. Addresses of Welcome were made by Hon. J. Y. Sanders, Governor of Louisiana, on behalf of the State; Hon. Martin Behrman, Mayor of New Orleans, on behalf of the city, and R. M. Walmsley, President New Orleans Clearing House Association, on behalf of the banks. The Hon. Myron T. Herrick, President Society for Savings, Cleveland, Ohio, responded.

President Watts in his annual address covered very fully the work of the Association during the past year, and reviewed in detail the progress made; the great work accomplished by the Committees, heads of the various departments, General Secretary and the Sections.

In speaking of the effective work of many of the special committees that has been characteristic in recent years, he said, there is much of the work of the Association that inures to the good of all bankers, but same should properly be confined to those bearing the charges of organization.

In forecasting the future, President Watts said: "There is nothing in the whole work of the Association but what indicates the continuous increase of usefulness; and the interest displayed by the officers, committees and individual members, justifies the prophecy that in the near future the membership will be over twenty thousand."

When President Watts introduced the Hon. Nelson W. Aldrich, Chairman of the National Monetary Commission, to the audience, every seat in the great auditorium was filled, not only on the floor, but in the boxes and galleries. The former Senator was greeted with prolonged applause. It was an inspiring and satisfying scene to the bankers present, many of whom have given their best time and thought as to the most feasible solution of the problem of currency reform, which would be for the best interests of the country, and the means of avoiding future panics.

Mr. Aldrich in his address gave a most explicit explanation of every phase of the proposed plan for the reform of the country's monetary system, and said that the National Monetary Commission is ready to accept any wise and legitimate amendments that may yet be suggested. He pleaded for the elimination of politics in the consideration of the subject,

and expressed confidence in the early passage of remedial legislation.

Mr. Aldrich was given a rising vote of thanks for his devotion and active interest in the cause of the currency question.

President Watts announced that Senator Aldrich would take the floor at one of the following sessions, and answer any questions that might be propounded to him in reference to any part of the proposed Monetary plan.

A telegram from Chairman Huttig, of the Executive Council, was read to the convention, extending his deepest regret at being unable to be present owing to illness. A committee was appointed to draft a suitable reply to the telegram, which was to be accompanied by two dozen American Beauty roses for Mr. Huttig, with the compliments of the Association.

#### Reports of Officers and Committees.

At the afternoon session the reports of the officers and some of the committees were presented.

These reports, together with the President's annual address, financial statements and other statistics, were printed in pamphlet form, and distributed to the delegates.

The annual report of the Executive Council reviewed the work of that body during the year, including the unanimous adoption of the report of the Currency Commission relating to the Aldrich plan, with such amendments as had been submitted by the Currency Commission; the adoption of the report of the Clearing House Section authorizing a uniform Numerical System, and approval of a contract with Rand, McNally and Company for the publication of a "Key" thereto; also covering other actions pertaining to different committees.

The report expressed the Council's gratification and appreciation to the Standing Protective Committee, the various departments of the Association, the heads of departments, and the General Secretary, for their efficient and thorough work, which has placed the Association on a progressive basis and a higher plane than has ever before been attained at any time during its history.

The Annual report of General Secretary Farnsworth covered the work of the Association, its Sections and Committees for the year. His report showed that the membership is now composed of 12,303 banks; the aggregate capital and surplus of the membership amounting to more than fourteen billions of dollars. The gain in membership during the year was 1,100. Owing to the large membership there has been increased activity in every department as well as in the office of the General Secretary, and there has not been a time in the history of the Association when the members have been so closely in touch with its affairs as they are now, which is evidenced by the volume of correspondence with the members.

During the fiscal year there were sent out from the general offices about 328,500 circular letters, documents, codes, etc., in addition to thousands of letters comprising the regular correspondence.

Treasurer Arthur Reynolds reported a cash balance on hand September 1st, 1910, of \$1,278.90. The total receipts for the current year were \$196,145.03;

the total expenditures were \$195,990.50, leaving credit balance September 1st, 1911, of \$1,433.43. The surplus funds of the Association are invested in high grade bonds amounting to \$120,000.

Mr. Reynolds stated that the General Secretary had forwarded to him on September 1st, 1911, 11,641 drafts on account of the current membership dues, amounting to \$188,565, and up to the time that he left home, collections had been made upon all excepting 5,500 of those drafts, which is the largest collection made during the same period in any previous year. The promptness with which the dues have been met this year by the membership is only another indication of the great interest exhibited in the work that is being carried on.

The annual report of General Counsel Paton is published in full in the Legal Department of this issue of the Journal-Bulletin.

The report of the Standing Protective Committee, together with that of Manager L. W. Gammon, of the Protective Department, contained a detailed summary of the work during the year. The report showed that the loss sustained by deprecations on member banks amounted to \$32,130.40, as against \$205,979.64 on non-member banks.

The reported burglaries and attempted burglaries on banks since the inauguration of the Protective feature, are as follows:

Non-members .....	1,275	loss	\$1,769,877.48
Members .....	254	loss	194,414.54
Difference .....	1,021		\$1,575,462.94

During the fiscal year the Protective Department received 17,482 reports from the William J. Burns National Detective Agency. The gallery of the Protective Department in the Association offices now contains 1,632 photographs of criminals who have operated against banks.

The foregoing reports were adopted and made a part of the record of the convention.

The following addresses, covering different phases of currency reform were delivered: "Circulating Credits and Bank Acceptances," by Paul M. Warburg, of Kuhn, Loeb & Company, New York City; "Relation of the State Banks, Savings Banks and Trust Companies to the National Reserve Association," by F. H. Goff, President Cleveland Trust Company, Cleveland, Ohio; "The Relation of the National Reserve Association to the Government," by Hon. A. Platt Andrew, Assistant Secretary of the Treasury, Washington, D. C.

**SECOND DAY'S SESSION OF CONVENTION.**

President Watts called the convention to order at 10 o'clock Wednesday morning. The Invocation was pronounced by Right Reverend David Sessums, Bishop Diocese of Louisiana.

The following addresses were delivered: "Trade Fluctuations and Panics," by John Perrin, Fletcher-American National Bank, Indianapolis, Ind.; "Interest Rates, Earnings, Dividends and Taxation," by Benjamin Strong, Jr., Vice-President Bankers Trust Company, New York City; "The Mobilization and Control of the Reserves of the Country," by Jas. B. Forgan, President First National Bank, Chicago, Ill.; "Public Opinion on the National Reserve Association,"

by J. G. Schurman, President Cornell University, Ithaca, N. Y.; "Rediscounts and Book Credits," by Geo. M. Reynolds, President Continental & Commercial National Bank, Chicago, Ill.

The next speaker on the program was Stuart Patterson, President Western Savings Fund Society, Philadelphia, Pa. He was, however, prevented from being present owing to illness in his family. A. A. Jackson, Vice-President Girard Trust Company of Philadelphia, a fellow-townsmen and friend of Mr. Patterson read his address, the title of which was "Benefits from the National Reserve Association to the Manufacturer and the Laborer." Other addresses were: "The Needs of the Farm and Its Benefits from the National Reserve Association," by Jos. G. Brown, President Citizens National Bank, Raleigh, N. C.; "Benefits of the National Reserve Association to the Country as a Whole," Hon. Arsene P. Pujo, Member National Monetary Commission, Lake Charles, La.; "Keeping the National Reserve Association Apart from Partisan Politics and Special Control," by Hon. L. P. Padgett, member National Monetary Commission, Columbia, Tenn.; "Relation of the National Reserve Association to the Foreign Trade and Banks and the World's Financial Center," by Frank B. Anderson, President Bank of California, N. A., San Francisco, Cal.

At the conclusion of Mr. Anderson's address Senator Aldrich, who had arranged to take a train that evening, consented to remain and answer any questions that might be propounded to him regarding the workings of the Aldrich Plan. The delegates availed themselves of this opportunity, asking questions covering different phases of the Plan, which the Senator fully explained, clearing up many points pertaining to the proposed reform.

On Thursday, November 23d, the annual meetings of the Trust Company, Savings Bank, Clearing House and State Secretaries Sections, respectively, were held.

A synopsis of the proceedings of these various meetings is published under the regular Section headings in this issue of the Journal-Bulletin.

**THIRD DAY'S SESSION OF CONVENTION.**

The convention was called to order at ten o'clock by President Watts, and the Invocation pronounced by Rev. I. L. Leucht, Rabbi Touro Synagogue.

**Invitations for Next Convention.**

Invitations were extended by the following cities for the 1912 convention: From Jacksonville, Fla., stating that if the invitation was too late for the 1912 convention, to consider the city as a strong candidate for the honor in 1913. From Atlantic City, N. J.; from Chicago, Ill.; from Boston, Mass. (for the 1913 convention, it being understood that the convention was practically pledged to Detroit in 1912); from Detroit, Mich. The invitation from Detroit was supplemented by a verbal one from Vice-President Livingstone, and that city was unanimously selected as the place for holding the 1912 convention.

**Reports of Sections.**

The reports of the various Sections were submitted and approved and ordered printed in the proceedings.

**Reports of Committees Continued.**

The report of the Currency Commission by Jas. B. Forgan, Vice-Chairman, was read by John Ferrin, of Indianapolis, and adopted.

The report of the Bills of Lading Committee, in the absence of Clay H. Hollister, of Grand Rapids, Chairman, who was prevented from attending the convention on account of a bereavement in his family, was read by Fred. I. Kent, of New York.

A resolution was adopted instructing the Secretary to convey the sincere sympathy of the convention to Mr. Hollister in his bereavement.

*NOTE—For action on this report see Resolutions.*

The report of the Law Committee in the absence of Pierre Jay, Chairman, was read by Lucius Teter, of Chicago.

The report was accepted and ordered printed in the proceedings of the convention.

The report of the Federal Legislative Committee by Arthur Reynolds, Chairman, was accepted and ordered printed in the proceedings.

The report of the Committee on Express Companies and Money Orders, by Jos. Chapman, Jr., Chairman, was received and filed.

The report of the Committee on Fidelity Bonds and Burglary Insurance, by John L. Hamilton, Chairman, was submitted. The report was received and the committee continued and instructed and empowered to negotiate with existing insurance companies, with the end in view of providing the members of this Association with valid and collectible insurance at reduced and reasonable rates; and, if unsuccessful in this negotiation, to present to the Association a plan by which the object can be accomplished.

The report of the Committee on Forms for National and State Banks was received and ordered printed in the proceedings.

**Resolutions.**

**Resolution Endorsing Aldrich Plan.**

The following resolution was unanimously adopted:

"Resolved, That the American Bankers Association hereby gives its unqualified approval to the revised plan proposed by Hon. Nelson W. Aldrich, Chairman of the National Monetary Commission, for the establishment of a co-operative agency of all the banks, to be known as the National Reserve Association of the United States.

"We are confident that the high purposes actuating the National Monetary Commission assure the working out of the details in accordance with the sound principles stated in the plan, in such a manner as to gain the confidence and support of all classes.

"A sound banking system will benefit the entire community and is, therefore, non-partisan. We urge Congress to so regard it and to deal with it as an economic question outside the domain of party politics.

"Resolved, further, That the officers of the Association, together with the Currency Commission of the American Bankers Association, are hereby instructed to submit the Association's approval of the principles of the plan to the National Monetary Commission, and to the committees of Congress to whom monetary legislation is referred."

**Resolutions Endorsing Agricultural Development.**

The following resolution was adopted:

"Resolved, That the American Bankers Association in convention assembled, heartily endorses the movement started in several State Associations looking towards improved agricultural methods, better farm-like conditions and agricultural demonstration work;

"Resolved, further, That the President of the Association appoint a committee of seven to be known as the Committee on Agricultural and Financial Development and Education, to assist in this magnificent work."

In accordance with the above resolution the following committee was appointed: Joseph Chapman, Jr., of Minneapolis, Minn. B. F. Harris, of Champaign, Ill.; Myron T. Herrick, of Cleveland, Ohio; Joseph G. Brown, of Raleigh, N. C.; Edwin Chamberlain, of San Antonio, Texas; E. W. Gurney, of Fremont, Nebr.; W. D. Vincent, of Washington.

A resolution presented by Myron T. Herrick relating to farm financing was combined with the foregoing resolution, both of which were referred to the above Committee for their consideration.

**Resolution on Bills of Lading Report.**

The following resolution was unanimously adopted:

"Resolved, That the report of the Bills of Lading Committee be received and the Committee continued with the addition of two members from banks in the Southern cotton market, one of which member shall be Mr. Wexler, and the other a member to be appointed by the Administrative Committee from some other point in the South; and that no report of the Executive Council shall be made that would bind the American Bankers Association until the next annual meeting of the Association."

**Resolution of Thanks to Speakers.**

The following resolution was unanimously adopted:

"Resolved, That the thanks of this Convention are due and are hereby tendered to the several gentlemen who have given time, labor and great ability in elucidating the various phases of the Currency question now engaging the best thought of the entire country; and,

"Resolved, That the General Secretary be instructed to forward to the several gentlemen who have addressed us this acknowledgment of our obligation and appreciation."

**Resolution of Appreciation.**

The following preamble and resolution were unanimously adopted:

"Whereas, The deliberations of the 37th Annual Convention of this Association are now approaching final adjournment, it is meet and proper that we should give some expression of our appreciation for the many delicate courtesies so delightfully conceived and lavishly extended to us and to our guests accompanying us whilst sojourning in this beautiful and magnificent city of New Orleans;

"Therefore, Be it Resolved, That our thanks be and are hereby extended to the bankers, the various committees, and the citizens generally of the city of New Orleans for their earnest, persistent efforts for the comfort and pleasure of this Convention, the ladies and guests. We feel especially indebted to the local committee of the Associated Banks, and the bank clerks who have so ably assisted the officers of the New Orleans Clearing House Association, and the press, and we also attest our appreciation of the services rendered by the Remington Typewriter Co., in furnishing machines and operators for the use of the officials, and our thanks are extended to the telephone and telegraph companies for courtesies extended, and also to the St. Charles Hotel managers for the free use of committee rooms.

**Proposed Amendments and Action Thereon.**

**ARTICLE II, SECTION 2, AND ARTICLE III, SECTION 2: INSTITUTE CHAIRMAN—CONDITIONS OF INELIGIBILITY.**

Submitted by Fred. E. Farnsworth, General Secretary. Amend Article II, Section 2, which provides:

"Each delegate shall be an officer or director or trustee of the institution represented, or a member of a banking firm, or a private banker, or a member of the State Secretaries' Section" so as to read as follows:

Section 2. Each delegate representing a member shall be an officer or director or trustee of the institution represented, or a member of a banking firm, or a private banker. The Chairman of the Executive Council of the American Institute of Banking, each member of the State Secretaries' Section and each manager of a Clearing House, shall also be delegates.

Amend Article III, Section 2, by changing the first sentence of the next to last paragraph of said section to read:

"To be eligible a member of the Executive Council must be a delegate as defined in Section 2 of Article II",

and also by adding at the end of said paragraph the following:

"But the conditions of ineligibility herein provided shall not apply to the Chairman of the Executive Council of the American Institute of Banking nor to the President of the Organization of Secretaries of State Bankers' Association, known as the State Secretaries' Section," nor to any officer of the Clearing House Section.

*ADOPTED.*

**ARTICLE III, SECTION 2: MEMBER FROM DISTRICT OF COLUMBIA.**

Submitted by E. R. Gurney, John J. Sherman, Geo. W. Rogers, Committee.

Amend Article III by adding at the end of Section 2 (a): "Except that there shall be one member from the District of Columbia, irrespective of number of members." Also amend Article III, Section 3 A by adding at the end thereof: "The provisions of this subsection shall apply to the District of Columbia equally as to a State having one hundred or more members of the American Bankers' Association."

*ADOPTED.*

**ARTICLE IV, SECTION 6: COMMITTEES.**

Submitted by F. O. Watts, Nashville, Tenn., President of the American Bankers Association.

The last sentence of the first clause of Section 6, Article IV, of the Constitution of the American Bankers Association, be dropped from the Constitution, and in lieu thereof a new clause to the same section be added, to be known as Clause 4, and to read as follows:

"Nothing in the section shall impair the right of any convention to create committees and of naming the membership in the resolution creating or continuing them or of specifically delegating such authority to the presiding officer."

*ADOPTED.*

**ARTICLE IV, SECTION 1: COMMITTEES.**

Submitted by William George, President Old Second National Bank, Aurora, Ill., for Committee on Resolution pertaining to Finance Committee.

This proposed amendment was, on motion of Mr. Pierson, seconded by Mr. George, rejected by the convention, Mr. George having withdrawn same in view of the adoption by the Executive Council of the following By-Law, which covered the subject:

"There shall be a Finance Committee of eleven members composed of the Vice-President of the Association, who shall be Chairman, the Treasurer of the Association, the Vice-Presidents of the Trust Company, Savings Bank and Clearing House Sections, and six members of the Executive Council, who shall not during their term of office on this Committee be members of any other standing or special committees and who shall be appointed by the Administrative Committee in equal number from the one, two and three-year members of the Executive Council. Six members shall constitute a quorum and vacancies shall be filled by the Administrative Committee.

"The members of each year's Finance Committee shall continue their membership until the adjournment of the first meeting of the new Council immediately following the Annual Convention, irrespective of the expiration of their terms of office in the Association or Sections, by virtue of which they hold membership on this Committee.

"The duties of the Finance Committee shall be:

"1. To act as an Auditing Committee with authority to employ competent public accountants to prepare yearly audits of the Association's books prior to each annual convention.

"2. To prepare a budget of funds available and consider appropriations for the use of Sections, Committees, Salaries, Expenses and other purposes.

"All applications for appropriations must be delivered to the General Secretary prior to the first day of the annual convention and also prior to the first day of the spring meeting of the Executive Council.

"The Finance Committee shall report to the Executive Council:

"1. At the meeting of the Council prior to the annual convention upon the public accountant's audit of the Association's books.

"2. At the meeting of the Executive Council following the close of the annual convention, upon their budget of funds available and recommendations for appropriations for the coming year.

"3. At the spring meeting of the Executive Council as to any further appropriations that may be necessary.

"4. At any meeting of the Executive Council they may report upon any other matter connected with the finances of the Association.

"The Finance Committee shall meet:

"1. In the forenoon of the day preceding the annual convention.

"2. Upon the call of its Chairman during the convention week.

"3. At the time and place of the spring meeting of the Executive Council.

"4. Any time during the year upon call of its Chairman made upon the request of the Administrative Committee or any ten members of the Executive Council."

The following By-Law was also adopted by the Executive Council:

"The Administrative Committee shall each year designate the depositories for all funds of the Association."

**ARTICLE II, SECTION 1: MEMBERSHIP.**

Submitted by Emory W. Clark, Vice-President of First National Bank, Detroit, Mich.

Resolved, that Section 1 of Article 2 shall be changed to read as follows:

"Any National or State Bank, Trust Company, Savings Bank, Private Bank or Banking firm with a banking office, doing a deposit and discount business, may become a member of this Association upon the payment of such annual dues as shall be provided by the By-Laws and may send one delegate to the annual meetings of the Association; and any member may be expelled from the Association upon a vote of two-thirds of the Executive Council."

*NOT ADOPTED.*

**ARTICLE III, SECTION 2: EXECUTIVE COUNCIL.**  
Submitted by F. O. Watts, Nashville, Tenn., President American Bankers Association.

Be it resolved that Section 2, Article III, of the Constitution of this Association be amended by adding a clause to be known as clause "d" and reading as follows:

"There shall be selected six members of the Executive Council from the membership at large, the nomination and election to be made in the same manner as herein provided for the president of the Association. The election of 1911 shall be for two of the increased membership herein provided and two each year thereafter until the whole number of six shall be elected."

*NOT ADOPTED.*

**ARTICLE III, SECTION 2: OFFICERS.**

Submitted by C. H. McNider, President, First National Bank, Mason City, Iowa.

The last paragraph of Section 2 of Article III be

amended by prefixing thereto the following, the same to become effective in 1914:

"No officer of the Association, except the General Secretary, Assistant Secretary and General Counsel shall succeed himself in office, or be elected to any office in the Association until one year shall have expired after his having held such office in the Association",

and by eliminating from said paragraph the words "retiring President or Vice-President or."

*LOST FOR LACK OF A CONSTITUTIONAL MAJORITY OF THE VOTES CAST.*

**ARTICLE II, SECTIONS 1 and 2; ARTICLE III, SECTION 2, and ARTICLE IX, SECTION 1: INVESTMENT BANKERS SECTION.**

Submitted by the Continental and Commercial Trust and Savings Bank, Chicago, Ill.

Amend Article II, Section 1, by inserting after the words "banking firm" the words "and any branch or investment department of a member"; and by inserting after the word "By-Laws" the words "and in case of investment bankers and investment departments of members, upon approval of application as provided in Article IX, Section 1 (e)."

Amend Article II, Section 2, by inserting after the words "private bankers" the words "or the manager of a branch or investment department member."

Amend Article III, Section 2, by adding at the end of paragraph (c): "and the President of the Investment Bankers' Section."

Amend Article IX, Section 1, by changing the paragraph (e) in said Section to (f) and by inserting immediately after paragraph (d) the following:

"(e) An Investment Bankers' Section whose membership shall be confined to investment bankers and investment departments of National, State, Savings and private banks and trust companies who are members of the American Bankers Association. All applications for membership in this Section shall be submitted to a Membership Committee of five, appointed by said Investment Bankers' Section. Applications being duly approved by a majority of this Committee, shall be submitted to the Administrative Committee of the American Bankers Association and when duly approved by them the applicants shall become members of the American Bankers Association and of the Investment Bankers' Section.

The scope of the work of this Section shall embrace all matters of interest and advantage to the investment banker and shall aim to provide protection to the banker and the public against the manipulation and marketing of undesirable securities, and the making of a broader and better market for all good securities.

*POSTPONED TO THE NEXT CONVENTION, AND IN THE MEANTIME REFERRED TO THE EXECUTIVE COUNCIL FOR THEIR FURTHER AND CAREFUL CONSIDERATION.*

**Report of Nominating Committee.**

The following report of the Nominating Committee was unanimously adopted:

**FOR PRESIDENT.**

Wm. Livingstone, President Dime Savings Bank, Detroit, Mich.

**FOR FIRST VICE-PRESIDENT.**

Chas. H. Huttig, President Third National Bank, St. Louis, Mo.

**For Vice-Presidents for the Different States and Territories as Nominated at Convention of the State Associations and Certified to this Association by the Secretaries of the Respective State Bankers Associations.**

ALABAMA: Michael Cody, President Exchange National Bank, Montgomery.

ARKANSAS: John Q. Wolf, Cashier National Bank of Batesville, Batesville.

CALIFORNIA: F. L. Lipman, Vice-President Wells-Fargo Nevada National Bank, San Francisco.

COLORADO: C. C. Parks, Cashier First National Bank, Glenwood.

CONNECTICUT: Jos. H. King, Pres. American National Bank, Hartford.

FLORIDA: T. T. Munroe, President Monroe & Chambliss Bank, Ocala.

GEORGIA: W. C. Lanier, President First National Bank, West Point.

IDAHO: J. A. Givens, President Bank of Nampa, Nampa.

ILLINOIS: Wm. A. Heath, President Live Stock Exchange National Bank, Chicago.

IOWA: Geo. S. Parker, President Live Stock National Bank, Sloux City.

INDIANA: John A. Thompson, President The Thompson Bank, Edinburg.

KANSAS: John T. Denton, President Grenola State Bank, Grenola.

KENTUCKY: A. S. Rice, President Southern National Bank, Louisville.

LOUISIANA: Jas. W. Bolton, Vice-President Rapides Bank, Alexandria.

MARYLAND: C. G. Osborn, Cashier Farmers & Merchants National Bank, Baltimore.

MASSACHUSETTS: E. Elmer Foye, Vice-President Old Colony Trust Co., Boston.

MICHIGAN: A. D. Bennett, President Commercial Bank, Port Huron.

MINNESOTA: J. B. Galarneault, Cashier Aitkin County State Bank, Aitkin.

MISSOURI: Henry L. Rozler, Banker, St. Genevieve.

MISSISSIPPI: E. V. Yates, Cashier Merchants & Farmers Bank, Macon.

MONTANA: D. R. Peeler, President Bank of Commerce, Kalispell.

NEBRASKA: E. J. Whitman, Cashier First National Bank, York.

NEW JERSEY: Adrian Lyon, President Perth Amboy Savings Institution, Perth Amboy.

NEW YORK: F. E. Lyford, President First National Bank, Waverly.

NORTH CAROLINA: Jas. P. Sawyer, President Battery Park Bank, Asheville.

NORTH DAKOTA: A. J. Hunter, Cashier Union National Bank, Grand Forks.

OHIO: Wm. L. Allendorf, Cashier Commercial National Bank, Sandusky.

OKLAHOMA: A. L. Churchill, Cashier First National Bank, Vinita.

OREGON: W. L. Thompson, President American National Bank, Pendleton.

PENNSYLVANIA: Montgomery Evans, President Norristown Trust Co., Norristown.

SOUTH CAROLINA: H. W. Frasier, Cashier Peoples Bank, Georgetown.

SOUTH DAKOTA: C. L. Mellett, President Stockgrowers Bank, Fort Pierre.

TENNESSEE: J. O. L. Hutton, President Phoenix National Bank, Columbia.

TEXAS: W. H. Fuqua, President First National Bank, Amarillo.

VIRGINIA: Tench F. Tilghman, Vice-President and Cashier Citizens Bank of Norfolk, Norfolk.

WASHINGTON: E. T. Coman, President Exchange National Bank, Spokane.

WEST VIRGINIA: Harry W. Chaddock, Cashier Grafton Banking & Trust Co., Grafton.

WISCONSIN: Jas. T. Joyce, Vice-President Union National Bank, Eau Claire.

**For Vice-Presidents for the Different States and Territories where the Membership in the American Bankers Association is less than One Hundred.**

ALASKA: J. E. Chilberg, President Miners & Mer-National Bank, San Francisco.

ARIZONA: M. Goldwater, President Commercial Trust Co., Prescott.

DELAWARE: L. L. Layton, President First National Bank, Georgetown.

DISTRICT OF COLUMBIA: A. G. Clapham, President Commercial National Bank of Washington.

MAINE: J. F. Percival, Cashier Peoples National Bank, Waterville.

NEVADA: Geo. S. Nixon, President Tonopah Banking Corporation, Tonopah.

NEW HAMPSHIRE: R. E. Smythe, Cashier Pemigewasset National Bank, Plymouth.

NEW MEXICO: H. B. Jones, President First National Bank, Tucumcarl.

RHODE ISLAND: Chas. P. Cottrell, Vice-President Washington Trust Co., Westerly.

UTAH: W. S. McCornick, President McCornick & Co., Bankers, Salt Lake.

VERMONT: F. H. Farrington, Vice-President Rutland Savings Bank, Brandon.

WYOMING: John Clay, President Stockgrowers National Bank, Cheyenne.

CANADA: Alex. Laird, General Manager Canadian Bank of Commerce, Toronto.

CUBA: W. A. Merchant, Vice-President National Bank of Cuba, Havana.

HAWAII: Chas. H. Cooke, President Bank of Hawaii, Honolulu.

\*ISLE OF PINES.  
PORTO RICO: Jos. R. Bruce, Manager Royal Bank of Canada, San Juan.

**MEXICO:** K. M. Van Zandt, Jr., Vice-President and Manager Mercantile Banking Co., Mexico City.

\*The only member of the American Bankers Association is the Isle of Pines Bank, Neuva Gerona. Bank directories, however, do not give a list of officers of this bank, and therefore no nomination has been made.

**For Members of the Executive Council as Nominated at Conventions of State Associations and Certified to this Association by the Secretaries of the Respective State Bankers Associations.**

**CALIFORNIA:** Jas. K. Lynch, Vice-President First National Bank, San Francisco.

W. H. High, Assistant Cashier Anglo and London Paris National Bank, San Francisco.

**FLORIDA:** John T. Dismukes, President First National Bank, San Augustine.

**ILLINOIS:** Nelson G. Greene, Vice-President Peoples Savings Bank & Trust Co., Moline.

**IOWA:** Arthur Reynolds, President Des Moines National Bank, Des Moines.

**KANSAS:** P. W. Gobel, President Commercial National Bank, Kansas City.

J. W. Berryman, President Stockgrowers National Bank, Ashland.

**KENTUCKY:** J. R. Downing, Vice-President and Cashier Georgetown National Bank, Georgetown.

**LOUISIANA:** Sol. Wexler, Vice-President Whitney-Central National Bank, New Orleans.

**MISSISSIPPI:** F. W. Foote, Vice-President First National Bank of Commerce, Hattiesburg.

**MISSOURI:** C. G. Hutcheson, Cashier First National Bank, Kansas City.

**NEW YORK:** Walter E. Frew, President Corn Exchange Bank, New York.

Fred. W. Hyde, Cashier National Chatauqua County Bank, Jamestown.

**NORTH CAROLINA:** J. Elwood Cox, President Commercial National Bank, High Point.

**NORTH DAKOTA:** H. P. Beckwith, Vice-President Northern Trust Co., Fargo.

**OHIO:** R. B. Crane, Vice-President National Bank of Commerce, Toledo.

**OKLAHOMA:** L. A. Wilson, President First National Bank, El Reno.

**OREGON:** J. L. Hartman, of Hartman & Thompson, Bankers, Portland.

**PENNSYLVANIA:** Robt. E. James, President Easton Trust Co., Easton.

Jos. Wayne, Jr., Cashier Girard National Bank, Philadelphia.

**SOUTH DAKOTA:** N. E. Franklin, President First National Bank, Deadwood.

**VIRGINIA:** Oliver J. Sands, President American National Bank, Richmond.

**WASHINGTON:** Samuel M. Jackson, Manager Bank of California, Branch, Tacoma.

**W. VIRGINIA:** W. B. Irvine, President National Bank of W. Virginia, Wheeling.

**For Member of the Executive Council from States and Territories where the Membership in the Association is less than One Hundred.**

Henry L. Ward, President Burlington Trust Co., Burlington, Vt.

**For Member of the Executive Council Representing the Trust Company Section.**

F. H. Goff, Chairman, President Cleveland Trust Co., Cleveland, Ohio.

**For Member of the Executive Council Representing the Savings Bank Section.**

J. F. Sartori, Chairman, President Security Savings Bank, Los Angeles, Cal.

**For Member of the Executive Council Representing the Clearing House Section.**

John K. Ottley, Chairman, Vice-President Fourth National Bank, Atlanta, Ga.

**For Member of the Executive Council Representing the American Institute of Banking Section.**

Carroll Pierce, Chairman, Vice-President Citizens National Bank, Alexandria, Virginia.

**For Member of the Executive Council Representing the State Secretaries Section.**

J. W. Hoopes, President Farmers National Bank, Manor, Texas.

**For Member of the Executive Council to Represent the District of Columbia.**

Wm. J. Flather, Vice-President Riggs National Bank, Washington, D. C.

#### Installation of Officers.

Addresses of tribute were paid to the retiring officers, a handsome silver service being presented to retiring President Watts, and the new officers being installed with best wishes for their success.

On adjournment of the convention sine die the new Council went into session and elected the following officers: Chairman, Arthur Reynolds, President Des Moines National Bank, Des Moines, Iowa; General Secretary, Fred. E. Farnsworth, New York City; Assistant Secretary, W. G. Fitzwilson, New York City; Treasurer, J. Fletcher Farrell, Vice-President Fort Dearborn National Bank, Chicago, Ill.; General Counsel, Thomas B. Paton, New York City.

#### Entertainment Features.

##### Monday.

Monday afternoon the bankers were conveyed by special street cars to the City Waterworks Plant.

In the evening a banquet was tendered to the Executive Council, by the bankers of New Orleans in the Banquet Hall of the Hotel Grunewald.

The ladies were entertained the same evening at a special reception and musicale at the St. Charles Hotel.

##### Tuesday.

Tuesday evening was devoted to a reception at the Country Club and Fete Champetre at City Park. There was a display of fireworks in the Park and on the lakes, and luncheon was served. The scene was most picturesque and beautiful, the grounds being illuminated by several thousand Chinese lanterns.

##### Wednesday.

During the afternoon of Wednesday, automobile rides throughout the city were taken by the ladies, and a polo game witnessed at Audubon Park. In the evening a reception and grand ball was given at



the French Opera House, which was pronounced to be the most brilliant function ever held in New Orleans.

**Thursday.**

Thursday afternoon the bankers and their guests visited the harbor and were conveyed by three boats to Kenilworth Sugar Plantation. Luncheon was served on board.

In the evening the third annual dinner of the Council Club was given at Antoinette Cafe.

The evening was also left open to enable the local bankers to entertain visiting delegates and their friends.

**TENTH ANNUAL CONVENTION OF THE NATIONAL ASSOCIATION OF SUPERVISORS OF STATE BANKS.**

The convention of this Association which was held in the Progressive Union Rooms, New Orleans, November 20, 21 and 22, was largely attended. The papers read, and discussions which ensued, brought out many valuable suggestions and a great deal of information which will prove of material benefit to the supervisors in their work.

The delegates were present at the banquet on Monday evening tendered to the Executive Council of the American Bankers Association and the supervisors by the New Orleans bankers. They also participated in the entertainment features provided for

the delegates and guests of the American Bankers Association during convention week.

**AGRICULTURAL AND VOCATIONAL EDUCATION.**

A meeting of the delegates appointed by the various State Associations to discuss improved agricultural methods, better farm life conditions and education in agricultural development and domestic science, was held at the St. Charles Hotel on Thursday evening, November 23.

Many of the bankers interested in this important subject were present.

Not only was the meeting a very enthusiastic one, but the question received considerable attention and was discussed by groups of bankers during convention week.

**TRIP TO PANAMA.**

On Saturday morning, November 25th, many of the bankers, their relatives and friends embarked on three boats for the round trip to Panama.

**GIFT OF SILK BANNER.**

A beautiful silk banner was presented by the Louisiana Bankers Association to the State Association having the largest representation at the convention. It was awarded to the New York State Bankers Association.

**REGISTRATION AT OFFICES.**

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

The following visitors registered during the month of November:

Barker, Joseph L., Vice-President United States Investor, New York, N. Y.  
 Bowman, A., Bank Examiner Marwick, Mitchell, Peat & Co., New York, N. Y.  
 Brundage, F. D., Assistant Manager Knauth, Nachod & Kuhne, New York, N. Y.  
 Burns, W. J., President W. J. Burns National Detective Agency, Chicago, Ill.  
 Carlisle, F. L., First Vice-President Northern New York Trust Co., Watertown, N. Y.  
 Cornwell, Wm. C., J. S. Bache & Co., New York, N. Y.  
 Crist, Chas. A., National Bank of Walden, Walden, N. Y.  
 Cromwell, David, President First National Bank, White Plains, N. Y.  
 Doremus, S. L., Secretary and Treasurer Northern New Jersey Trust Co., Edgewater, N. J.  
 Dowdall, M. A., Journal of Commerce, New York, N. Y.  
 Evans, Wm. T., Philadelphia, Pa.  
 Haines, I. Snowden, Cashier Mechanics National Bank, Burlington, N. J.  
 Hamilton, H. S., First Vice-President Home Savings Bank, White Plains, N. Y.  
 Hawes, R. S., Vice-President Third National Bank, St. Louis.

Head, Walter W., Cashier German-American National Bank, St. Joseph.  
 Herrick, Myron T., President Society for Savings, Cleveland, Ohio.  
 Hoopes, F. Howard, Editor "The Financial Age," New York, N. Y.  
 Hopkins, W. F., Vice-President Third National Bank, Buffalo, N. Y.  
 Hurlbert, Guy B., Bankers Trust Company, New York, N. Y.  
 Hyde, Fred. W., Cashier National Chaukaugua County Bank, Jamestown, N. Y.  
 Kent, Robert D., President Merchants Bank, Passaic, N. J.  
 Knox, W. E., Comptroller The Bowery Savings Bank, New York, N. Y.  
 Lowry, Russell, Asst. Cashier American National Bank, San Francisco, Cal.  
 Lusk, F. S., President First National Bank, Missoula, Mont.  
 Mershon, Le Roy A., Publicity Manager Real Estate Trust Company, Philadelphia, Pa.  
 Newell, E. J. S., Cashier The Peoples Bank, Buffalo, N. Y.  
 Pullen, C. L., New York, N. Y.  
 Reagen, F. K., Cashier Second National Bank, Mechanicsburg, Pa.  
 Rosenthal, Gwyn, New York, N. Y.  
 Ryland, Alex. F., Asst. Cashier First National Bank, Richmond, Va.  
 Schemmerhorn, Col. Arthur F., Asst. Secretary American Surety Company, New York, N. Y.  
 Snowden, R. Brinkley, Vice-President Bank of Commerce & Trust Co., Memphis, Tenn.  
 Stuart, Walter, Vice-President Farmers Trust Company, Carlisle, Pa.  
 Todd, Geo. W., Director Central Bank, Rochester, N. Y.  
 Townsend, E. P., President Importers & Traders National Bank, New York, N. Y.  
 Weekes, F., Asst. Secretary Nassau Trust Company, Brooklyn, N. Y.  
 Williams, F. H., President First State Bank, Allegan, Mich.  
 Witham, Wm. S., Bank of Tifton, Atlanta, Ga.



# TRUST COMPANY SECTION



## Officers, 1911-1912.

### PRESIDENT:

F. H. FRIES, President Wachovia Bank & Trust Company, Winston-Salem, N. C.

### FIRST VICE-PRESIDENT:

WILLIAM C. POILLON, Vice-President Bankers Trust Company, New York, N. Y.

### CHAIRMAN EXECUTIVE COMMITTEE:

F. H. GOFF, President Cleveland Trust Company, Cleveland, O.

### SECRETARY:

PHILIP S. BABCOCK, 11 Pine Street, New York City.

## ANNUAL MEETING.

NOTWITHSTANDING the limited time given to the meeting of the Trust Company Section, due, of course, to the desire of the Association to make this convention primarily devoted to the discussion of the proposed reform in our monetary system and which discussion, requiring three full days for the main Association, made it necessary to hold the meetings of all the sections on one and the same day, it is felt that our meeting was a very successful one. It is true that the necessity of haste in order that our delegates from all parts of the country should be able to avail themselves of one of the most interesting features of the entertainment provided by the New Orleans bankers, the "river trip," necessitated our adjournment at an early hour and prevented a full discussion of the many interesting reports and addresses delivered. The New Orleans Clearing House Association, through its Entertainment Committee, very courteously, when the situation was explained to them, provided a special boat so that our members could carry out our program so far as possible and still not miss this interesting trip. The thanks of the Section was unanimously voted to the Clearing House Association and the Entertainment Committee and to C. A. Morgan, Manager New Orleans Clearing House Association, who made this special arrangement for the Trust Company Section and who honored our members by being present in person on the special boat and by providing an elaborate luncheon while en route.

Oliver C. Fuller, President of the Section, presided and in the absence of the Governor of Louisiana, who was unable to be present, Hon. Charles Payne Fenner, of New Orleans, delivered an address of welcome, followed by Lynn H. Dinkins' address of welcome on behalf of the Trust Companies of the State and City, which cited many interesting and important statistics covering the growth of the South and of New Orleans and the State of Louisiana in particular. The President's address covered a number of important suggestions for the growth of the Section for the coming year, which were referred to the incoming Executive Committee. The formal

papers read by Marquis Eaton, Esq., of the Chicago Bar, on the "Relation of the Trust Company to the Lawyer," by Fred I. Kent, Vice-President of the Bankers Trust Company, New York, on the "Registration of Commercial Paper," and by A. A. Jackson, Vice-President of the Girard Trust Company, Philadelphia, Pa., on "The Protector of Property," were received with very marked attention and much praise. The address of Marquis Eaton opened up a new line of thought to Trust Company officials and was ordered printed in pamphlet form and distributed to the members of the Section in advance of the publication of the book of Proceedings. This pamphlet form of Mr. Eaton's address will be mailed to all members within the next ten days, while the book of Proceedings, owing to the mass of details involved in its publication will probably not be ready for several weeks.

The by-laws of the Section were changed in several important particulars in order to conform more closely with the by-laws of the main Association. An important amendment, which had previously received the approval of the Executive Council, related to the retention of the ex-Presidents of the Section on the Executive Committee for three years after the expiration of their term of office. This amendment reads as follows:

"Amend section one (referring to Executive Committee) by adding the following: 'and ex-Presidents, if still members of the Association, shall also be members ex-officio for three years after the expiration of their term of office.'"

This amendment gives your Executive Committee the valuable services of A. A. Jackson, Vice-President Girard Trust Company, Philadelphia, Pennsylvania, for one year; H. P. McIntosh, President Guardian Trust & Savings Bank, Cleveland, Ohio, for two years; and Oliver C. Fuller, President Wisconsin Trust Company, Milwaukee, Wisconsin, for three years. A further amendment relating to the manner of election of State Vice-Presidents was unanimously adopted, it being felt that it would add to the dignity and usefulness of this position by having each State elect its Vice-President in the same manner as such State Vice-Presidents are elected by the General Association. This amendment reads as follows:

"Whereas, It is desirable that the Vice-Presidents of the Trust Company Section of the American Bankers Association shall more thoroughly represent the Trust Company members in their respective States, therefore, be it

"Resolved, That the by-laws of the Trust Company Section be, and they are hereby amended to read as follows: 'In States having Trust Company

Associations, a Vice-President of the Trust Company Section of the American Bankers Association shall be nominated and elected at the annual convention of such State Association. Such election shall be certified by the Secretary of the State Association to the Secretary of the Trust Company Section.

"Clause 2. In States not having a separate Trust Company organization, but having a State Bankers' Association, a Vice-President shall be elected by a majority vote of Trust Company representatives, whose companies are themselves members of the Trust Company Section of the American Bankers Association, in attendance at the Annual Convention of the State Bankers Association. Such election shall be reported to the State Convention. Certification of such election shall be forwarded to the Secretary of the Trust Company Section by the Secretary of the State Bankers Association within a reasonable time after said Convention.

"Where a Vice-President for any State has not been named in either of the above ways, the election of such Vice-Presidents shall be left to the executive officers of the Trust Company Section.

"The time of office of the State Vice-President shall begin at the time of the next annual convention of the Trust Company Section following such election, and shall continue until the election of his successor."

Announcement was made by the President that Lawrence L. Gillespie, First Vice-President of the Section, having retired from the Trust Company field to enter the banking firm of J. S. Bache & Company, New York City, had tendered his resignation as such Vice-President. This resignation had previously been accepted by the Executive Committee and on motion of Benjamin Strong, Jr., Vice-President Bankers Trust Company, New York City, the following resolution of appreciation of Mr. Gillespie's services was unanimously adopted:

Whereas, Mr. Lawrence L. Gillespie, First Vice-President of the Trust Company Section of the American Bankers Association, has tendered his resignation of that office, having retired from active Trust Company work; and

Whereas, Mr. Gillespie, during his several years' connection with this Section, has always evinced a deep interest in its work, and has been of invaluable aid in bringing it to its present commanding position.

THEREFORE, BE IT RESOLVED, That we view the resignation of Mr. Gillespie with very sincere regret, and that our best wishes go with him in his new field; and,

FURTHER RESOLVED, That a copy of these resolutions, suitably engrossed, be presented to him, as an expression of our appreciation and esteem.

It was not possible in the limited time at our command to have the roll-call of States with the reports of the several State Vice-Presidents, but such as had been received will be printed in the Proceedings and such Vice-Presidents as have not made their reports are earnestly requested to send them to the Secretary promptly in order that they may be published.

The Nominating Committee appointed early in

the session reported the following nominations for members of the Executive Committee in the class of 1914, which nominations were unanimously elected:

Lynn H. Dinkins, President Interstate Trust & Banking Company, New Orleans, La.

A. J. Hemphill, President Guaranty Trust Company, New York City.

P. C. Kauffman, Vice-President Fidelity Trust Company, Tacoma, Washington.

Sol. A. Smith, Vice-President Northern Trust Company, Chicago, Ill.

John H. Mason, Vice-President Commercial Trust Company, Philadelphia, Pa.

F. H. Fries, President Wachovia Bank & Trust Company, Winston-Salem, N. C., was elected President of the Section; William C. Poillon, Vice-President Bankers Trust Company, New York City, First Vice-President. At a meeting of the Executive Committee held after the adjournment of the convention, F. H. Goff, President Cleveland Trust Company, Cleveland, Ohio, was elected Chairman of the Executive Committee, and Philip S. Babcock was re-elected Secretary. William C. Poillon having been elected First Vice-President of the Section, making him ex-officio member of the Executive Committee, tendered his resignation and in his place C. O. Patch, Vice-President Security Trust Company, Detroit, Michigan, was elected a member of the Committee in the class whose term expires in 1913.

#### "Trust Company Forms."

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

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

#### Special Notice.

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



# SAVINGS BANK SECTION



## Officers, 1911-1912.

### PRESIDENT:

ALFRED L. AIKEN, President Worcester County Institution for Savings, Worcester, Mass.

### FIRST VICE-PRESIDENT:

R. C. STEPHENSON, Vice-President St. Joseph County Savings Bank, South Bend, Ind.

### CHAIRMAN EXECUTIVE COMMITTEE:

J. F. SARTORI, President Security Savings Bank, Los Angeles, Cal.

### SECRETARY:

W. H. KNIFFIN, JR., 11 Pine Street, New York.

## ANNUAL MEETING.

THE session of the Savings Bank Section at New Orleans was of unusual interest and was characterized by able addresses, which compared favorably with any of the Convention. Owing to the lack of time, it was necessary to eliminate all discussions from the floor, and to have all matters well in hand, so that the time limit would not be exceeded. It is to be regretted that ample time could not have been given to the symposium on savings bank auditing, as this no doubt would have been a most helpful feature.

The address of Mr. Knox on "The Ethics of the Savings Bank," was a masterpiece, and will be read with interest by savings bank men everywhere, and in all probability will be sent out in pamphlet form from the Pine Street office.

The report of the Committee on Methods and Systems is well worth perusing for its practical suggestions for the betterment of savings bank management. This is now in pamphlet form and will be sent upon request to the Secretary.

Mr. Sartori's paper on "Departmental Banking Laws, Their Regulation and Segregation," was a most carefully prepared paper on a technical subject, concise in its treatment and broad in its scope.

E. St. Elmo Lewis, the well-known writer on advertising subjects, presented one of the most readable papers on savings bank advertising ever published, and this will also be sent to inquirers upon request, and is well worth the attention of savings bank men interested in broadening the scope and usefulness of their institutions.

Mr. Chapin's paper on bank supervision indicated careful research and broad experience in the supervision of banking institutions and contained many helpful suggestions which have been evolved by experience and investigation.

It is impossible to attempt to reprint or even digest these excellent addresses and those of our members who wish to read these will find them in the proceedings as reported by the regular banking journals in all parts of the country, and printed in

full in the book of proceedings of the Association now in the course of preparation. There are, however, a few galley proofs of each remaining in the Secretary's office, and these will be sent to the first who apply.

The following officers were elected for the current year: President, Alfred L. Aiken, President Worcester County Institution for Savings, Worcester, Massachusetts; First Vice-President, R. C. Stephenson, Vice-President St. Joseph County Savings Bank, South Bend, Indiana; Chairman Executive Committee, J. F. Sartori, President Security Savings Bank, Los Angeles, California; Secretary, W. H. Kniffin, Jr., New York; and three members of Executive Committee for the term expiring 1914, Wm. E. Knox, Comptroller Bowery Savings Bank, New York; Newton F. Hawley, Treasurer Farmers & Mechanics' Savings Bank, Minneapolis, Minnesota; G. Ad. Blaffer, Vice-President Commercial Germania Trust & Savings Bank, New Orleans, Louisiana,

President Robinson's annual address was as follows:

## The Work of the Savings Bank Section.

THE ideal banker is conscious of a serious duty he owes society; in order to best perform that duty he has become a specialist; we therefore see in the modern banking establishment adequate equipment for the accomplishment of every financial need: Drafts upon foreign lands are bought and sold; trust estates are prudently managed; commercial enterprises requiring capital receive intelligent assistance; elaborate credit departments are maintained; government and State, county and city, industrial and railroad bonds, find a ready market over their counters; the small savings of wage earners are invited and their vast totals are sent forward to stimulate and to vitalize the commerce and industry of this great land. These are but a few of the departments maintained by some of our large financial institutions, each department managed by a competent specialist.

About 2,000 members of the American Bankers' Association are specializing in the business of receiving and investing savings deposits and the object of this article is to give in a few words the "raison d'etre" of the Savings Bank Section.

It was born in 1902 in New Orleans and its members feel a glow of pride in the prospect of a happy homecoming. Briefly stated, the Savings Bank Section was formed to foster the interests of those members of the parent body whose special work lay in the field of educating the shiftless and of encouraging the thrifty to put by in store; it has been during these few years of its existence a conserving and a

constructive factor in legislation designed to make savings banks safe from within and from without. It has been helpful to the banking interests in many States which were striving to enact laws to protect depositors from unskilled, not to say unscrupulous tyros in finance; it has helped to place savings banks upon such a high plane as to command the confidence of the poor and the ignorant and has helped to extend protection to those who cannot protect themselves; it has been able to offer to its members invaluable assistance in these modern mechanical helps wrought out by experience in our best managed savings institutions and which are now placed at the disposition of any who seek the correct methods of handling their daily work; it has published and offers at a nominal cost to its members a loose leaf book of prepared forms covering every conceivable need in bookkeeping and in counter work; this latter agency has been of untold value to small and large, as well as to new and old banks; it is undertaking the delicate work of helping to inaugurate School Savings Banks where local conditions warrant the innovation. These are in brief some of the tasks to which the Savings Bank Section has addressed itself.

Now a few words as to the character of its clientele:

Originally, as is well known, the savings bank was a purely philanthropic enterprise—the so-called mutual savings bank is of this type and is of comparatively recent origin, the first of them having begun operations about 1816. This type is almost unknown in many parts of the South and West, its habitat being largely in the North and East, where several have resources of more than 100 millions each; let it be remembered that these banks have no capital stock, but are operated solely in the interest of their depositors. While there are only about 600 of them, their deposits aggregate the enormous sum of three and one-half billions of dollars—on an average about six millions each. By way of comparison, it might be pointed out that there are about 25,000 banks of all kinds in the United States, with total deposits of about \$15,000,000,000, a rough average of \$600,000 each. This is a startling comparison and is designed to illustrate the importance of the mutual savings banks in our financial fabric. In passing, however, it should be noted that owing to changed economic conditions very few new banks of this class are being organized because the capitalized savings banks and the savings departments of National and State banks and trust companies sup-

ply a suitable channel for handling this class of business. When it is borne in mind that the volume of legitimate savings deposits held by capitalized savings banks, National and State banks, trust companies, etc., is as great as the sum held by the mutual savings banks, the combined savings deposits in all banks being nearly \$7,000,000,000, one is impressed that after all we are a thrifty people, although we are by no means measuring up to our full opportunities.

From what precedes some idea may be gained of the ambitious scope of the work undertaken by the Savings Bank Section; for it earnestly desires to make its impression felt in all the vast army of banks which seek to win and keep the confidence of their communities. Its activities are naturally technical to a great degree, but it does not neglect the ethics of the banking profession and teaches that a bank's success is not to be measured by growth in deposits alone, but by the quality of service it renders to those who come within its influence. That bank is not counted to have achieved success which does not number among its patrons many who rise up and call it blessed for substantial help extended in times of need, even when much of the collateral offered was character; it believes that its members should dignify the high calling of banking by useful service; it encourages that broad view of life which holds that each man is his brother's keeper; it believes that in encouraging thrift it is building up character and, to quote President Hadley of Yale University, it holds that "life is a measure to be filled, not a cup to be drained."

#### BOOK OF SAVINGS BANK FORMS.

This helpful bit of savings bank literature has been sold to over seven hundred banks throughout the United States and is undoubtedly the most suggestive work of its kind ever issued in the interest of savings bank management. It contains working forms in large variety, selected with great care from a multitude of forms used by banks throughout the country, and will prove its worth over again if made use of in rearranging savings bank accounting methods. It is not sent on approval because of the custom of stamping the owner's name in gold on the cover, but it will be sent to members upon receipt of twelve dollars and to non-members for eighteen dollars, carriage prepaid.



# CLEARING HOUSE SECTION



## Officers, 1911-1912.

### PRESIDENT:

CHARLES A. RUGGLES, Manager Boston Clearing House,  
Boston, Mass.

### VICE-PRESIDENT:

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

### CHAIRMAN EXECUTIVE COMMITTEE:

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

### SECRETARY:

O. HOWARD WOLFE, 11 Pine Street, New York.

## ANNUAL MEETING.

THE regular annual meeting of the Clearing House Section was held at the St. Charles Hotel, New Orleans on November 23. Forty cities were represented by sixty-five accredited delegates when the roll was called. After an invocation by the Rev. Max Heller, Chas. Godchaux, President of the Whitney Central National Bank, delivered a very cordial and eloquent address of welcome. Our genial and distinguished friend, Col. Lowry, President of the Atlanta Bank which bears his name, replied fittingly to Mr. Godchaux' greeting.

The three annual reports followed, that of President Fancher, being corroborated in detail by the reports of Chairman Van Vechten and Secretary Farnsworth. All three gave convincing evidence that the section is doing good work in advancing not only the interests of the Clearing Houses but of the entire Association as well. Efforts have been centered during the past year upon the Numerical System and the appointment of Clearing House examiners. The progress of the Numerical System has been described fully in other columns in this and earlier numbers of the Journal and it is sufficient to say that about five thousand banks are at present using their numbers on endorsement stamps and on the face of checks. Seventeen cities now have clearing house examiners and seven others report the matter under consideration. The latest city to adopt the plan is Louisville, Ky.

The three addresses which followed the official reports might well have been read as a single paper, so well did they fit together and follow one another in logic and argument. They were: "Co-operation Between Clearing House Associations and State Banking Departments," by H. M. Zimmerman, Detroit, Mich., President of the National Association of Supervisors of State Banks; "The Business of a Commercial Bank and How to Safeguard the Investment of Its Funds," a paper by Jos. B. Martindale, President of the Chemical National Bank of New York, and read in his absence by H. K. Twitchell, Vice-President of the Chemical Bank; "The Work of the Clearing House Examiner," by John W. Wilson,

Clearing House Examiner for Los Angeles, Cal. All these papers were given strict attention by the delegates present and at the conclusion of Mr. Wilson's talk many questions were asked. Mr. Wilson handled his subject forcibly and convinced many of his hearers that the Clearing House Examiner system is the answer to many questions of credit registration, proper bank administration, and other problems that exist needlessly in towns and cities where there are no clearing house examiners.

Another paper which sounded the keynote of future work by this Section, was a paper by C. R. McKay, Transit Manager of the First National Bank of Chicago, on "The Advantages of Handling Country Checks Through Clearing Houses in National Collecting Centres." Mr. McKay, with his usual skill, showed a thorough knowledge of his subject and gave as clear and as concise a description of the transit situation as has ever been presented at our meetings. There is a growing disposition to regard the securing of uniform exchange rates either as an impossibility or a dead issue and the best thought of those who are familiar with transit problems is agreed that the so-called "country clearing house" is the solution of the difficulty. It is very likely that the papers of Mr. Wilson and Mr. McKay will be published in pamphlet form.

Owing to a lack of time the discussion of the Numerical System was abandoned and also the annual "Call of the Cities." However, many delegates came prepared with written reports and these will be printed in the Book of Proceedings. The New Orleans Clearing House Association cut short our further deliberations by giving us a proof, if any were necessary, of the genuineness of Mr. Godchaux' words of welcome by the boat trip down the river. Upon the election and installation of the officers for the coming year, whose names are given elsewhere, the meeting adjourned.

The following is the Executive Committee:

Term Expiring 1912.

J. M. Donald, Chairman of Board, Hanover National Bank, New York, N. Y.

C. K. McIntosh, Vice-Prest., The Bank of California, San Francisco.

Term Expiring 1913.

Geo. C. Power, President, Second National Bank, St. Paul, Minn.

John K. Ottley, Vice-Prest., Fourth National Bank, Atlanta, Ga.

Term Expiring 1914.

J. D. Ayres, Vice-Prest., The Bank of Pittsburgh, Pittsburgh, Pa.

A. O. Wilson, Vice-Prest., State National Bank, St. Louis, Mo.

**Ex-Officio.**

Charles A. Ruggles, Manager Boston Clearing House.

Ralph Van Vechten, Vice-President Continental & Commercial National Bank, Chicago.

E. R. Fancher, Vice-Prest., Union National Bank, Cleveland (Term expires 1914).

**CONSTITUTIONAL CHANGES.**

Two important changes directly affecting this Section were made during the Convention, one of which allows a manager of a clearing house to be a delegate and to hold office and the other is a change in the by-laws of the Clearing House Section which provides that the retiring President shall be a member ex-officio of the Executive Committee for a period of three years after his term as President. In this way the counsel and assistance of valuable men is retained in the work after their terms of active office have expired.

**THE NUMERICAL SYSTEM.**

**T**HE educational work which is being done in connection with the introduction of the Numerical System is progressing favorably. Descriptive literature has been placed in the hands of every bank and banker in the United States, pamphlets have been distributed by several of the large city banks and news items are beginning to appear in the daily papers. Valuable service is being rendered by the lithographing houses and adding machine companies. To secure an early adoption of the plan we must have an aggressive and hearty co-operation, not only of State Associations, Clearing Houses, and those interested from a commercial viewpoint, but of every bank and banker as well. Of the four thousand letters representing the correspondence incidental to the System, which have been sent to this office from every section of the country, not one is unfavorable to the plan. In every case where the idea is fully understood there is an immediate expression of approval, and very often an enthusiastic commendation. Many new features have been introduced which were not thought of in the original scheme. For instance the number of a bank is excellently adopted for use on a perforation device used for cancelling paid checks; this makes a much neater cancellation than the full name of the bank. Another very good use to which the numbers may be put is the water-mark in safety paper. There is no doubt that many other ideas useful in bookkeeping and general detail work will be developed later.

But what we chiefly need just now is a vigorous campaign of education and co-operation by all our friends. No argument is needed to convince the average banker that the Numerical System is adapted to his needs and will save him time and money. Certain inquiries will be met with which should be answered along uniform lines and for the benefit of all who are working with us we append these "form questions" and the answers.

**ANSWERS TO "NUMERICAL" INQUIRIES.**

What is the proper position of the numbers on the face of checks and drafts? These numbers are

used to designate "place payable" on transit records and should, therefore, be placed immediately after the name of the paying bank. Where this is not possible, as in the case of check forms already made up, the number should be placed in the upper right hand corner. Bank drafts, or checks in draft form, bear the number in the lower left hand corner. The number of the drawee bank, in the case of bank drafts, should appear larger than the number of the drawer, the latter number in the case of remittance drafts being used as endorsement record, and also for bookkeeping purposes. Many banks are having their own number on correspondents' drafts made very small and placed immediately beneath their name, which is usually across the top part of the draft.

Should our endorsement stamp to the order of a correspondent contain their number as well as our own? Endorsement stamps should contain one number only. Since this number is used to register endorsements, each stamp appearing on the back of a check bears the number of the banks whose endorsement it represents. For a bank endorsement to contain the number of more than one bank would result in confusion. The numbers should appear on each side of the stamp so that it will not likely be cut off by the edge of the check.

Many of our correspondents have already given us numbers; shall we use these as well as our new number? The Universal Numerical System was devised to prevent further confusion caused by private numbering systems. Almost all the large banks in the collecting centres have recognized the value of the use of numbers and began numbering their correspondents. These systems, of course, conflict and a small bank having six city correspondents was compelled to use six stamps bearing different numbers. The large banks are now discarding their own set of numbers and all banks are justified in using the numbers assigned them under the Universal Numerical System, and no other.

We shall be glad to adopt the System when other banks do so. When will it go into effect? The way to adopt the System is to co-operate at once with all other banks by having your number printed on all new checks and drafts and changing your endorsement stamps. A small rubber stamp bearing your number can be secured for ten cents, with which you can stamp all your blank checks in stock in an hour or so. This stamp may then be loaned to your more active depositors in turn to number their unused checks. This represents all the initial expense necessary to enable all banks to handle your checks expeditiously. There is no other outlay of time or money. A dollar will fit you out. It is better to be a little ahead of the procession than to have everybody else held back for you to catch up.

Is the Numerical System of any use to a small bank? The System is of use to everyone and the benefits are in the same proportion as the number of checks handled. Whether your bank is large or small, it is certainly easier for you to place on your letter or other record 60-481 than to write Punxsutawney National Bank, Punxsutawney, Pennsylvania.

Checks bearing even more formidable titles may appear at any moment in any bank, and the Numerical System reduces them at once to easy and systematic uniformity. This can be done by hand or by an "adding machine" which further reduces the labor by printing the record and amount in one pull of a lever. Small banks are advised to extend the plan just as all large banks do, and furnish their individual depositors with numbers. These numbers do not conflict with the Numerical System, because they have no prefix. Endorsement records can then be made with a minimum amount of labor.

**Will not our clerks be apt to list the numbers improperly?** Yes, about once in a thousand times. No system is proof against stupidity for that matter, but earlier experience with a similar system in Texas has shown that a much more reliable record can be made with numbers than to depend upon the date line for place of payment. The same is true of endorsement stamps, which often look exactly alike as to size and color.

**Are all banks numbered?** Every bank, banker, trust company or savings bank in the United States is numbered whether members of the American Bankers Association or not. Otherwise the System would not be complete.

**Where can we get the "key" containing the numbers?** This is published by Rand, McNally & Co., of Chicago, Ill., under contract with the American Bankers Association. It is very handsomely bound and is indexed in two ways—numerically and alphabetically. The book is a valuable addition to any bank's library, and has uses other than for transit purposes. However, it is not necessary to have this book in order to avail one's self of the benefits of the System. The price is \$1.50. Supplements will be issued, upon request, free of charge to all holders of the book containing the numbers of new banks or any other changes which may occur. When new banks are organized and it is certain they will begin business they are at once notified by the Rand-McNally Co. of the number assigned them.

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

Adoue, Bertrand—Member of the banking firm of Adoue & Lobit, Galveston, Texas.  
 Archer, Andrew—Director Lincoln National Bank, Washington, D. C.  
 Brightwell, Edward W.—Cashier Capital City Bank, Charleston, W. Va.  
 Brown, William W.—Director First National Bank, Portland, Me.  
 Chew, Alexander Lafayette—President First National Bank, Geneva, N. Y.  
 Clay, Harry G.—Director Western National Bank, Philadelphia, Pa.  
 Cochran, William R.—Vice-President National Bank of Carmi, Carmi, Ill.  
 Dey, Peter A.—President First National Bank, Iowa City, Iowa.  
 Dryden, John F.—Vice-President Fidelity Trust Company, Newark, N. J.  
 Elger, George E.—Assistant Cashier The Broadway Savings & Trust Co., Cleveland, Ohio.  
 Evans, Edward M.—Cashier Vinton Banking Company, Vinton, Ohio.  
 Forbes, H. F.—President Peoples Bank & Trust Company, Rockford, Ill.  
 Gould, Frank.—Cashier Bank of Cambridge, Cambridge, Wis.  
 Greenwood, Edwin P.—Cashier Bank of Edwardsville, Ill.  
 Harding, Joseph.—President Bank of Antioch, Antioch, Cal.  
 Hendrie, Joshua B.—Director First National Bank, Stamford, Conn.  
 Jewell, Pling.—Director Hartford National Bank, Hartford, Conn.  
 Kaercher, Gustav A.—Director The Broadway Savings & Trust Co., Cleveland, Ohio.  
 Kountze, Chas. B.—President Colorado National Bank, Denver, Colo.  
 Kramer, E. G.—Vice-President First National Bank, Carrollton, Ga.  
 Lisso, Paul.—President First National Bank, Alexandria, La.  
 Meyer, Daniel.—San Francisco, Cal.  
 Morton, James O.—President Bank of Quitman, Quitman, Ga.  
 Nash, Emery Hazen.—Trustee Middlesex Banking Co., Middletown, Conn.  
 Painter, John P.—Director Merchants National Bank, Kittanning, Pa.  
 Peck, Edward W.—Director Lincoln National Bank, Rochester, N. Y.  
 Pringle, James.—President Carthage National Bank, Carthage, N. Y.  
 Pursell, William M.—Director First National Bank, Portsmouth, Ohio.  
 Rogers, C. V.—Vice-President First National Bank, Claremore, Okla.  
 Rossi, P. C.—Secretary Swiss-American Bank, San Francisco, Cal.  
 Russell, Thomas.—Director Bank of Montclair, Montclair, N. J.  
 Scott, Winfield.—Director Fort Worth State Bank, Fort Worth, Texas.  
 Shaw, John T.—President First National Bank, Detroit, Mich.  
 Sullivan, C. Russell.—Cashier Sullivan Bank & Trust Co., Montgomery, Ala.  
 Sykes, Clifton R.—President First National Bank, Aberdeen, Miss.  
 Smith, Millard Filmore.—Director of Broadway Bank, Brooklyn, N. Y.  
 Teare, William H.—President Cleveland Savings & Loan Co., Cleveland, Ohio.  
 Watkins, Chas. S.—Director Scott County Savings Bank, Davenport, Iowa.  
 Welsh, Jr., Thomas W.—Vice-President Second National Bank, Pittsburgh, Pa.  
 Wilson, J. O.—President Peoples Bank and a member of the Executive Council of the American Bankers Association, Bloomington, Ill.  
 Wilson, Robert M.—President Bank of Perryville, Perryville, Mo.  
 Woodworth, Abner P.—President First National Bank, Robinson, Ill.  
 Worthen, W. E.—W. B. Worthen & Co., Little Rock, Ark.



# STATE SECRETARIES SECTION



## Officers, 1911-1912.

### PRESIDENT:

J. W. HOOPEES, Secretary Texas Bankers Assn., Austin, Tex.

### FIRST VICE-PRESIDENT:

W. C. MACFADDEN, Sec. N. Dak. Bankers Assn, Fargo, N. D.

### SECOND VICE-PRESIDENT:

WILLIAM J. HENRY, Sec. N. Y. State Bankers Assn, N. Y. C.

### SECRETARY-TREASURER:

F. M. MAYFIELD, Sec. Tenn. Bankers Assn, Nashville, Tenn.

## ANNUAL MEETING.

**T**HE first meeting of the State Secretaries Section, being the tenth annual meeting of the Organization of Secretaries of State Bankers Associations, was held in the St. Charles Hotel, New Orleans, on Thursday, November 23, 1911, at which there was a large attendance.

President W. F. Keyser, Secretary of the Missouri Bankers Association, called the meeting to order; and the invocation was pronounced by Rev. George H. Cornelson, Jr., Pastor First Presbyterian Church, of New Orleans.

L. O. Broussard, Secretary of the Louisiana Bankers' Association, who was to have made the Address of Welcome, was unavoidably absent, and L. M. Pool, of New Orleans, read the welcome that Mr. Broussard had prepared, to which William J. Henry, Secretary of the New York State Bankers Association, responded.

President Keyser, in his annual address, said in part that the work of State Bankers Associations and the American Bankers Association has ever been kindred, being local and general respectively in scope; that the State Associations are units of the larger body, and co-operation between them was for the greater good of all concerned.

Secretary-Treasurer Farnsworth reported that every State Association was now a member of the Organization; there was not a single delinquent, all dues being paid. He told of his experiences in attending conventions of several State Associations during the year; that he was very much impressed with the progressive atmosphere, the unusually large attendance and the close attention to business, which qualities seemed to be more in evidence with each year's meetings. The reports that had come to him from State Associations generally, indicated that the several conventions had been the most successful in their history.

During the past year the following active secretaries resigned their office on account of having other affiliations:

R. M. Welch, of California; L. A. Coate, of Idaho; Harry Yaeger, of Montana; Giles L. Wilson, of South Carolina, and N. P. Gatling, of Virginia.

These gentlemen, however, are honorary members of the Organization.

The following are the new secretaries which have taken office during 1911 and are members of the Organization of Secretaries:

F. H. Colburn, of California; J. W. Robinson, of Idaho; Mark Skinner, of Montana; Lee G. Holleman, of South Carolina; Walker Scott, of Virginia; George E. Fleming, of District of Columbia; H. Erie Hoke, of New Mexico; Fred. Stadtmuller, of Nevada; F. R. Dickerman, of Vermont; Hascall S. Hall, of Maine.

The financial report showed all bills paid, with a balance in the treasury.

The meeting was addressed on the topics given below by those whose names appear, covering various phases of Association work; and the discussions which ensued brought forth many mutually helpful suggestions:

"The Development of Our Mutual Interests," by Raymond B. Cox, Baltimore, Md., President American Institute of Banking; "Modern Methods of Protecting Banks," by W. J. Burns, of W. J. Burns National Detective Agency; "The Organization's Possibilities as a Section of the American Bankers Association," by Preston T. Slayback, Denver, Secretary Colorado Bankers Association; "The Observations of a Secretary," by Mrs. Helen M. Brown, Detroit, Secretary Michigan Bankers Association; "How to Secure Bank Legislation," by McLane Tilton, Jr., Fell City, Secretary Alabama Bankers Association; "Ladies' Meetings at State Conventions," by W. W. Bowman, Topeka, Secretary Kansas Bankers Association; "The Publishing of a Daily Registration List for State Meetings," by L. P. Hillyer, Macon, Secretary Georgia Bankers Association; "Resources," by W. B. Harrison, Enid, Secretary Oklahoma Bankers Association.

Raymond B. Cox, of Baltimore, President of the American Institute of Banking, called attention to the fact that in the same room in which the meeting was then being held, the Secretaries met for the first time nine years ago and became an organization. During the intervening period, Mr. Cox said, this body has grown in usefulness and importance to such an extent as to merit recognition from the American Bankers Association, whose stamp of approval has been placed thereon by the welcome given to the Organization of Secretaries as a Section a year ago. He said it was not an empty honor but one that carried with it responsibilities as well as advantages, and that the Section is capable of wielding a powerful influence.

W. J. Burns, in his address, emphasized strongly that it would be to the best interests of banking institutions to employ one detective agency, whatever

agency that might be, and added that his agency, through the American Bankers Association, was quite competent to protect banks to the fullest extent, as results had already shown.

The following resolution of confidence in Mr. Burns's work in connection with the American Bankers Association was unanimously adopted by a rising vote:

"This Section expresses its very cordial thanks to Mr. Burns for being with us; and again we declare and reaffirm the faith in him that we expressed a year ago at Los Angeles."

Mr. Burns was invited to tell the Secretaries some of his experiences in the McNamara case, and he gave a most interesting resume thereof, describing the first clues obtained which, although very slight, enabled his agency, through careful and persistent effort, to capture the chief conspirators.

Mrs. Helen M. Brown was the only woman delegate present at the meeting, being the only woman who holds the Secretaryship of a State Association. She complimented the Southern States by saying that they were very responsive to appeals for increase in membership and displayed great interest generally in Association work.

Mrs. Brown outlined the modus operandi which she pursues in soliciting new members, and cited many of the answers she had received, some of them being more or less humorous, as the three following illustrations will show:

"If you but knew to how many other uses we could put the \$5.00 each year, you wouldn't ask us to join."

"We do not care to join, as we never send a delegate to the Conventions."

"If the Convention date will be the same as the one set for my vacation I will gladly join, otherwise not this year."

Many expressions of appreciation were voiced on retiring President Keyser's good work during his incumbency of office; and the thanks of the organization was extended to him for his devotion and energy at all times in furthering the interests of the Organization.

Owing to his multitudinous duties as General Secretary of the American Bankers Association, Col. Farnsworth tendered his resignation as Secretary-Treasurer of the Organization of Secretaries, as he would be unable to devote the necessary time to carrying on the good work of the Section. He has held the office since the formation of the organization in 1902.

He was tendered the thanks of the Organization for the keen interest taken by him in the growth of the Section, and the regret of the members that his other duties prevented his longer continuance as Secretary-Treasurer of the Section. He was unanimously elected a life member of the Organization.

The following were elected as members of the Board of Control: Mrs. Helen M. Brown, Detroit, Secretary Michigan Bankers Association; Chas. R. Frost, Minneapolis, Secretary Minnesota Bankers Association; P. W. Hall, Des Moines, Secretary Iowa Bankers Association; Charles E. Hoyt, South Norwalk, Secretary Connecticut Bankers Association;

McLane Tilton, Jr., Pell City, Secretary Alabama Bankers Association.

#### WYOMING BANKERS ASSOCIATION.

The annual convention of this Association was held at Cheyenne, November 15-16th. The meeting was a very successful one and in addition to the routine business transacted many able addresses were delivered, and the discussions which ensued covered different phases of Association work.

The officers elected for the ensuing year will be published in next month's issue of the Journal-Bulletin.

#### PROTECTIVE WORK OF STATE BANKERS ASSOCIATIONS.

Washington Bankers Association,  
Office of the Secretary.

Tacoma, Oct. 30, 1911.

##### WARNING NO. 218.

A man signing "J. B. McCrainie" is operating in Southern Idaho and in Oregon. He is reported to have issued checks on one of the banks of Idaho Falls and various outside banks, in which he has no account. These checks have been cashed all the way from Idaho Falls to Portland. He claims to be writing insurance on thoroughbred stock. He was in Idaho Falls about the middle of August; Portland September 2d and Nampa September 3d. Description is as follows: Height, 6 ft.; weight, 225 lbs.; smooth shaven; slightly lame; age about 50 years; correct name said to be Ben Cox.

Washington Bankers Association,  
Office of the Secretary.

Tacoma, Oct. 30, 1911.

##### WARNING NO. 219.

Demand Certificate of Deposit No. 166, dated August 23, 1911, for \$57.50, issued by the Douglas State Bank, Douglas, Wash., payable to Wm. Varney, has been lost or stolen.

Washington Bankers Association,  
Office of the Secretary.

Tacoma, Oct. 30, 1911.

##### WARNING NO. 220.

One E. A. Fitzgerald, who formerly lived near Centralia and carried a small account with the Union Loan & Trust Co., of that city, but who left closing his account in May, has been drawing checks frequently on both the Union Loan & Trust Co. and United States National Bank of Centralia, for small amounts from \$10 to \$25, cashing same through Portland, Seattle and Tacoma business houses. Fitzgerald was formerly connected with the Lewis county schools, and represents himself as still connected with them. In one instance he posed as a minister.

Washington Bankers Association,  
Office of the Secretary.

Tacoma, Oct. 30, 1911.

##### WARNING NO. 221.

One Henry Columan, alias Hoffman, committed a forgery in Nebraska. We have information that he came to this State. Look out for him. Description: German, age about 55, height 5 ft. 4 in.; hair light; gray mustache; smooth talker.

Washington Bankers Association,  
Office of the Secretary.

Tacoma, Oct. 30, 1911.

##### WARNING NO. 222.

One D. Palmer, an automobile mechanic in the

employ of J. B. Knight Auto Co., of Aberdeen, stole a lot of printed check forms, filling in blanks in sums from \$10 to \$25, passing same on local Aberdeen merchants, after forging signer's names. He is described as height 5 ft. 10 in.; weight, 140 lbs.; prominent nose; sunken eyes; sallow complexion; light brown hair; stooped shoulders; age about 25. Supposed to have gone to California.

Washington Bankers Association,  
Office of the Secretary.

Tacoma, Oct. 30, 1911.

**WARNING NO. 223.**

Look out for a fine looking, smooth gentleman, representing himself to be an agent for the International Stock Food Company, and who is presenting checks on the City National Bank of Frederick, Md., the checks payable to R. H. Fields or bearer, signed by R. M. Meyers, with rubber stamp imprint of the International Stock Food Company. There is no such account in the bank mentioned.

Do not cash checks for strangers without proper identification and endorsement.

Missouri Bankers Association,  
Secretary's Office.

Sedalia, Mo., Nov. 6, 1911.

**\$225.00 REWARD!**

On June 6th, 1911, the Missouri Bankers Association and the Citizens Bank of Dexter, Missouri, offered rewards of one hundred dollars (\$100.00) and one hundred and twenty-five dollars (\$125.00) respectively, for the apprehension and conviction of Thos. W. Snider, who is charged with defrauding the Citizens Bank of Dexter by means of forgery. Rewards to remain in force for one year from that date and to be paid according to the rules of the Missouri Bankers Association.

Snider has not been apprehended, and we desire to obtain the assistance of the sheriffs and police officers in States where he is most likely to be found.

The forger can be readily identified by the following description, which was accurate in the early part of 1909, when he was last seen: Name, Thos. W. Snider; residence, formerly at Essex, Mo.; occupation, ran a drug store at Essex; age, about 30 years; weight, about 160 lbs.; complexion, light, slightly freckled; color of hair, between yellow and red; height, about 5 ft. 10 in.; color of eyes, pale blue; style of beard, smooth shaven. May have let beard grow to conceal identity. Has a sleepy and silly appearance; always seems to be melancholy; has a bald spot just back of the top of head; forehead slopes back; is continuously playing with his pencil, flipping it on his ears, or in his mouth or on his fingers; is slightly stoop-shouldered; wears about a No. 8 shoe. His parents formerly lived at Piggott, Ark., but moved from there to country five miles from Piggott, near Pollard, Arkansas. He has relatives at Piggott, Pollard, and St. Francis, Ark., and at Essex and Campbell, Mo.

In view of the above reward, and your natural desire to bring such men to justice, we trust you will keep this case constantly in mind with a view to arresting Snider if he appears in your county.

In case of any interesting developments, wire this office and the Citizens Bank of Dexter, Missouri.

The Minnesota Bankers Association,  
Office of the Secretary.

Minneapolis, Minn., Nov. 20, 1911.

**LOOKOUT NOTICE NO. 6.**

The following Certificates of Deposit and Cashiers' Checks have been lost or stolen and payment stopped thereon:

Certificates of Deposit No. 554, dated Aug. 25, 1911, amount, \$500, issued by the Peoples State Bank of Swanville, to J. F. Barkow. Duplicate for same was issued Sept. 30, 1911. The original certificate was mailed to J. F. Barkow, who lives somewhere near Chicago, and same was lost in the mails. No. 375, dated Oct. 3, 1910, amount \$50, issued to Andrew J. Johnson; No. 486, dated Mar. 31, 1911, amount, \$26, issued to Andrew J. Johnson; No. — dated Sept.

11, 1911, amount, \$500, issued by the Kingston State Bank to John Kangas; No. 1495, dated Sept. 26, 1911, amount, \$150, issued to John Kangas; No. 2977, dated Oct. 12, 1911, amount, \$175, issued by the State Bank of New Germany to R. B. Mueller; No. 2923, dated Nov. 28, 1910, amount \$65, issued by the State Bank of Spring Grove to Mrs. Dr. Helland; No. 950, dated Oct. 18, 1910, amount, \$100, issued by the Odin State Bank to Halvor Halvorson; No. 957, dated Nov. 2, 1910, amount, \$100, issued to Halvor Halvorson; No. 2133, dated Oct. 5, 1911, amount, \$100, issued by the First National Bank of Beardsley to Chas. J. King; No. 2068, dated Aug. 8, 1911, amount, \$80, issued to Reuben Ward.

Cashier's Check No. 435, dated Oct. 13, 1911, amount, \$160, issued by the Kingston State Bank to John Kangas; No. 3216, dated Aug. 25, 1911, amount, \$550, issued by the Barnesville National Bank to Joseph Porter.

A man giving the name of J. G. Harris is issuing checks drawn on the German-American State Bank of Clara City. Harris has no account at this bank.

Montana Bankers Association,  
Secretary's Office.

Great Falls, Mont., Nov. 4, 1911.

**BULLETIN NO. 122.**

The Hedges State Bank, at Hedgesville, Fergus County, Montana, reports that they were held up at 4:00 p. m. yesterday, the robber escaping with \$1,080 in cash. Highwayman was heavily armed, and, as he was masked, a detailed description cannot be given. Is reported to be 5 ft. 10 in. in height; weight, about 160 lbs.; wore brown cap, brown mackinaw jacket; rode brown roan horse, newly shod. Bank wires that they offer reward of \$250 for apprehension of party.

A new form of swindle is reported,—that of presenting letters of introduction on bogus letterheads. Members should be very careful about extending credit to strangers on such letters. Information is received that a man giving name of H. B. Arnold had five hundred letterheads printed in Des Moines, Ia., bearing name of National Bank of Kentucky, Louisville. Arnold is about 28 years old; height, 5 ft. 9 in.; round, smooth face; brown hair; gold in upper teeth.

We are also advised that a stranger had letterheads and cashier's checks printed, bearing name of American Exchange National Bank of Dallas, Texas,—name and description not given.

Certificate of Deposit No. 230, dated May 24, 1911, for \$500, issued by First State Bank, Chester, Montana, to J. J. Stumvall, is reported lost.

The Secretary's Office should be notified at once should information be received concerning matters above referred to.

Montana Bankers Association,  
Secretary's Office.

Great Falls, Montana, Nov. 15, 1911.

Look out for party giving name of C. E. Cole, who is issuing fraudulent checks in Billings, Helena and Missoula.

Checks circulating in Billings are drawn on Billings State Bank, payable to C. E. Cole, and signed New York Life Insurance Co., J. L. Clarke, Agent,—rubber stamp being used for name of insurance company. Cole left with bank for collection sight draft for \$100 on New York Life Insurance Co., New York City, but has not called at bank for returns.

Checks are also being passed in Billings drawn on First National Bank, St. Paul, signed New York Life Insurance Co., by J. E. Lory, payable to Cole. We are advised that similar checks have also appeared in Helena. In Missoula same party is passing checks same as above excepting name of insurance company used is Fidelity Life Insurance Co.

Cole is described as follows: Age, 25 to 28; weight, 160 lbs.; height, nearly 6 ft.; dark sallow complexion; smooth face; blue eyes; wears brown hat, gray overcoat, blue suit.

Warrant has been issued for his arrest. Local sheriff and this office should be notified at once should information concerning this party be received.

Missouri Bankers Association,  
Sedalia, Mo., Nov. 15, 1911.

**WARNING!**

We are advised that a man operating under the various names of M. E. Stewart, Frank Stewart and probably J. A. Walker, has in several cases succeeded in cashing worthless checks in the State of Illinois.

These checks are drawn on the Sturdivant Bank of Cape Girardeau, Missouri. A short time ago this man opened a very small account with the Sturdivant Bank, claiming to be an employee of the Roberts, Johnson & Rand Shoe Company, and stated that it was his intention to add to this deposit out of his weekly pay checks. The checks that subsequently reached the bank through various channels, have been for much larger amounts than the original deposit.

So far as we are informed, none of our members have been defrauded. It would be well, however, to be on the lookout for this man and if he appears, have him arrested and wire this office.

Our member gives us the following description of Stewart: Age, about 40 years; color of hair, dark brown; height, about 5 ft. 9 in.; build, medium; color of eyes, dark.

Remarks.—Fairly well dressed, pleasing in manner and a very good talker.

Be on your guard all the time!

Missouri Bankers Association,  
Sedalia, Mo., Nov. 17, 1911.  
\$50.00 REWARD.

The Missouri Bankers Association offers a reward of \$50 for the apprehension and conviction of a man giving the name of W. E. Garris, who is charged with defrauding a member at Aurora, Mo., by means of check raising. Offer of reward to remain in force one year from date of this notice and to be paid according to the rules of the Missouri Bankers Association. Garris is described as follows:

Name, W. E. Garris; nativity, American; occupation, farm hand; age, 22 or 23 years; weight, 140 lbs.; complexion, dark; color of hair, black, wavy; height, about 5 ft. 10 in.; build, medium; color of eyes, blue; style of beard, smooth shaven.

Arrest and wire this office and the Sheriff of Lawrence County, Mt. Vernon, Missouri.

**STATE BANKERS' ASSOCIATIONS.**

(Revised to December 1, 1911.)

ALABAMA—ORGANIZED 1892.

*President*—FRANK M. MOODY, Cashier First National Bank, Tuscaloosa.  
*Vice-President*—W. H. MANLY, Cashier Birmingham Trust & Savings Co.  
*Secretary-Treasurer*—McLANE TILTON, JR., Cashier First National Bank, Pell City.

ARIZONA—ORGANIZED 1903.

*President*—W. H. DOYLE, Cashier Bank of Arizona, Prescott.  
*Vice-President*—EMIL GANZ, Vice-President National Bank of Arizona, Phoenix.  
*Secretary*—MORRIS GOLDWATER, President Commercial Trust Co., Prescott.  
*Treasurer*—LLOYD B. CHRISTY, Cashier Valley Bank, Phoenix.

ARKANSAS—ORGANIZED 1891.

*President*—J. M. BARKER, Cashier Bank of Atkins, Atkins.  
*Vice-President*—HENRY THIANE, President Desha Bank & Trust Company, Arkansas City.  
*Secretary*—ROBERT E. WAIT, President Citizens Investment & Security Co., Little Rock.  
*Treasurer*—J. S. TURNER, Cashier Peoples Bank, Ozark.

CALIFORNIA—ORGANIZED 1891.

*President*—STODDARD JESS, Vice-President First National Bank, Los Angeles.  
*Vice-President*—A. E. EDWARDS, Cashier First National Bank, Pasadena.  
*Secretary*—F. H. COLBURN, Savings Union Bank Bldg., San Francisco.  
*Treasurer*—GEO. N. O'BRIEN, Vice-President American National Bank, San Francisco.

COLORADO—ORGANIZED 1902.

*President*—FRANK N. BRIGGS, President Interstate Savings Bank, Denver.  
*Vice-President*—H. M. RUBY, Cashier Woods-Ruby National Bank, Golden.  
*Secretary*—PRESTON T. SLAYBACK, Cashier Central National Bank, Denver.  
*Treasurer*—R. A. NICKELL, Vice-President Home State Bank, Montrose.

CONNECTICUT—ORGANIZED 1899.

*President*—JOSEPH H. KING, President American National Bank of Hartford.  
*Vice-President*—C. LESTER HOPKINS, Cashier First National Bank of Norwich.  
*Secretary*—CHARLES E. HOYT, Treasurer South Norwalk Trust Company, South Norwalk.  
*Treasurer*—WILLIAM H. REEVES, Cashier National Bank of Commerce, New London.

DISTRICT OF COLUMBIA—ORGANIZED 1901.

*President*—GEORGE W. WHITE, President National Metropolitan Bank, Washington.  
*First Vice-President*—H. H. MCKEE, Cashier National Capital Bank, Washington.  
*Second Vice-President*—B. F. SAUL, President Home Savings Bank, Washington.  
*Secretary*—GEORGE E. FLEMING, Second Vice-President Union Trust Co., Washington.  
*Treasurer*—BALCH B. WILSON, Assistant Manager International Banking Corp., Washington.

FLORIDA—ORGANIZED 1889.

*President*—F. F. BARDIN, Vice-President State Exchange Bank, Lake City.  
*First Vice-President*—T. L. CLARK, President Farmers & Merchants Bank, Monticello.  
*Secretary and Treasurer*—GEORGE R. DE SAUSSURE, Vice-President Barnett National Bank, Jacksonville.

GEORGIA—ORGANIZED 1892.

*President*—ROBERT F. MADDOX, Vice-President American National Bank, Atlanta.  
*Vice-Presidents*—B. W. HUNT, Eatonton; W. T. HARRIS, Cedartown; T. A. DICKSON, Montezuma; J. T. NEAL, Thompston; B. A. STRICKLAND, Valdosta.  
*Secretary*—L. P. HILLYER, Vice-President American National Bank, Macon.  
*Treasurer*—E. C. SMITH, Cashier Griffin Banking Company, Griffin.  
*Assistant Secretary*—HANSELL HILLYER, Macon.

IDAHO—ORGANIZED 1905.

*President*—G. E. BOWERMAN, President First National Bank, St. Anthony.  
*Vice-President*—A. H. KELLER, Cashier First National Bank, Weiser.  
*Secretary*—I. W. ROBINSON, Cashier Idaho Trust & Savings Bank, Boise.  
*Treasurer*—H. H. NUXOLL, President German State Bank, Cottonwood.

ILLINOIS—ORGANIZED 1880.

*President*—B. F. HARRIS, Vice-President First National Bank, Champaign.  
*Vice-President*—J. D. PHILLIPS, Vice-President and Cashier Green Valley Bank, Green Valley.  
*Secretary*—R. L. CRAMPTON, 1030-1032, The Rookery, Chicago.  
*Treasurer*—D. A. WYCHOFF, Cashier First Trust & Savings Bank, Alton.  
*Assistant Secretary*—OLIVE S. JENNINGS, 1030-1032 The Rookery, Chicago.

INDIANA—ORGANIZED 1897.

*President*—EARL S. GWIN, President Second National Bank, New Albany.  
*Vice-President*—FRANK MARTIN, Treasurer Indiana Trust Company, Indianapolis.  
*Secretary*—ANDREW SMITH, Vice-President Capital National Bank, Indianapolis.  
*Treasurer*—HUGO C. ROTHERT, Cashier Huntingburg Bank, Huntingburg.

IOWA—ORGANIZED 1887.

*President*—E. J. CURTIN, President Citizens Savings Bank, Decorah.  
*Vice-President*—WILLIAM HEUER, Cashier Union Savings Bank, Davenport.  
*Secretary*—P. W. HALL, Des Moines.  
*Treasurer*—W. G. C. BAGLEY, Cashier First National Bank, Mason City.

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

KANSAS—ORGANIZED 1887.

*President*—J. R. LINDBURG, President First National Bank, Pittsburg.  
*Vice-President*—M. H. MALLOTT, President Citizens Bank, Abilene.  
*Secretary*—W. W. BOWMAN, Topeka.  
*Treasurer*—E. E. MULLANY, Cashier Farmers & Merchants Bank, Hill City.

KENTUCKY—ORGANIZED 1891.

*President*—J. K. WALLER, President Peoples Bank and Trust Company, Morganfield.  
*Secretary*—ARCH B. DAVIS, American National Bank Building Louisville.  
*Treasurer*—HENRY D. ORMSBY, Cashier National Bank of Kentucky, Louisville.

LOUISIANA—ORGANIZED 1900.

*President*—PAUL LISSO, President First National Bank, Alexandria.  
*Vice-President*—JOSEPH GOTTLIEB, Vice-President Louisiana National Bank, Baton Rouge.  
*Secretary*—L. O. BROUSSARD, President Bank of Abbeville, Abbeville.  
*Treasurer*—L. M. POOL, Active Vice-President Hibernia Bank & Trust Co., New Orleans.

MAINE—ORGANIZED 1900.

*President*—E. F. KENNAUD, Cashier Rumford National Bank, Rumford.  
*Vice-President*—F. W. ADAMS, Cashier Merchants National Bank, Bangor.  
*Secretary*—HASCALL S. HALL, Cashier Ticonic National Bank, Waterville.  
*Treasurer*—GEORGE A. SAFFORD, Treasurer Hallowell Trust & Banking Co., Hallowell.

MARYLAND—ORGANIZED 1896.

*President*—WALDO NEWCOMER, President National Exchange Bank, Baltimore.  
*First Vice-President*—P. DANIEL ANNAN, President Second National Bank, Cumberland.  
*Secretary*—CHARLES HANN, Assistant Cashier National Mechanics Bank, Baltimore.  
*Treasurer*—WILLIAM MARRIOTT, Cashier Western National Bank Baltimore.

MASSACHUSETTS—ORGANIZED 1905.

*President*—E. ELMER FOYE, Vice-President Old Colony Trust Co., Boston.  
*Vice-President*—FRANK A. DRURY, President Merchants National Bank, Worcester.  
*Secretary*—GEORGE W. HYDE, Assistant Cashier First National Bank, Boston.  
*Treasurer*—FREDERIC C. NICHOLS, Treasurer Fitchburg Savings Bank, Fitchburg.

MICHIGAN—ORGANIZED 1887.

*President*—C. J. MONROE, Director Kalamazoo City Savings Bank, Kalamazoo.  
*First Vice-President*—B. F. DAVIS, President City National Bank, Lansing.  
*Second Vice-President*—GEO. E. LAWSON, Vice-President People's State Bank, Detroit.  
*Secretary*—MRS. H. M. BROWN, Detroit.  
*Treasurer*—BENJ. DANSARD, JR., Cashier B. Dansard & Sons State Bank of Monroe.  
*Attorney*—HAL H. SMITH, Detroit.

MINNESOTA—ORGANIZED 1887.

*President*—D. S. CULVER, Vice-President German-American National Bank, St. Paul.  
*Vice-President*—D. C. ARMSTRONG, President Albert Lea State Bank, Albert Lea.  
*Secretary*—CHARLES R. FROST, 611 Bank of Commerce Building, Minneapolis.  
*Treasurer*—A. G. WEDGE, JR., Vice-President First National Bank, Bemidji.

MISSISSIPPI—ORGANIZED 1889.

*President*—C. H. WILLIAMS, President Bank of Yazoo City, Yazoo City.  
*Vice-President*—O. B. QUIN, Vice-President First National Bank, McComb City.  
*Secretary-Treasurer*—R. GRIFFITH, Cashier City Savings & Trust Co., Vicksburg.

MISSOURI—ORGANIZED 1891.

*President*—A. H. WAITE, President Joplin National Bank, Joplin.  
*Vice-President*—R. R. CALKINS, Vice-President German-American National Bank, St. Joseph.

*Secretary*—W. F. KEYSER, Sedalia.  
*Treasurer*—J. B. JENNINGS, Vice-President Mechanics Savings Bank, Moberly.

MONTANA—ORGANIZED 1904.

*President*—A. L. SMITH, Vice-President National Bank of Montana, Helena.  
*Vice-President*—W. J. JOHNSON, Cashier First National Bank, Lewistown.  
*Secretary-Treasurer*—MARK SKINNER, Cashier First National Bank, Great Falls.

NEBRASKA—ORGANIZED 1890.

*President*—FRANCIS MCGIVERIN, President Commercial National Home Savings Bank, Fremont.  
*Secretary*—WILLIAM B. HUGHES, Manager Omaha Clearing House, Omaha.  
*Treasurer*—J. C. FRENCH, Cashier Stock Yards National Bank, South Omaha.

NEVADA—ORGANIZED 1908.

*President*—W. J. HARRIS, Vice-President Farmers & Merchants' National Bank, Reno.  
*Vice-President*—W. E. JOHNSON, Vice-President John S. Cook & Co., Bankers, Goldfield.  
*Secretary*—FRED STADTMULLER, Assistant Cashier Washoe County Bank, Reno.  
*Treasurer*—F. I. GUNNELL, Cashier The First National Bank, Lovelock.  
*Assistant Secretary*—J. W. DAVEY, Reno.

NEW JERSEY—ORGANIZED 1903.

*President*—H. H. POND, Secretary and Treasurer Plainfield Trust Co., Plainfield.  
*Vice-President*—W. M. VAN DEUSEN, Cashier National Newark Banking Co., Newark.  
*Secretary*—WILLIAM J. FIELD, Secretary and Treasurer Commercial Trust Co., Jersey City.  
*Treasurer*—B. H. MINCH, Vice-President Bridgeton National Bank, Bridgeton.

NEW MEXICO—ORGANIZED 1905.

*President*—E. A. CAHOON, Cashier First National Bank, Roswell.  
*Vice-President*—D. T. HOSKINS, Cashier San Miguel National Bank, Las Vegas.  
*Secretary*—H. ERLE HOKE, Assistant Cashier Plaza Trust & Savings Bank, Las Vegas.  
*Treasurer*—J. B. HERNDON, State National Bank, Albuquerque.

NEW YORK—ORGANIZED 1894.

*President*—WALTER H. BENNETT, Vice-President American National Exchange Bank, New York City.  
*Vice-President*—C. A. PUGSLEY, President Westchester County National Bank, Peekskill.  
*Treasurer*—E. L. MILMINE, Cashier Mohawk National Bank, Schenectady.  
*Secretary*—WILLIAM J. HENRY, 11 Pine Street, New York City.

NORTH CAROLINA—ORGANIZED 1897.

*President*—J. C. BRASWELL, President Planters Bank, Rocky Mount.  
*Vice-Presidents*—LEAKE S. COVINGTON, Rockingham; GEO. A. HOLDENESS, Tarboro; THOS. E. COOPER, Wilmington.  
*Secretary-Treasurer*—WILLIAM A. HUNT, Cashier Citizens' Bank, Henderson.

NORTH DAKOTA—ORGANIZED 1903.

*President*—KARL J. FARUP, Cashier First National Bank, Park River.  
*Vice-President*—R. S. ADAMS, President First National Bank, Lisbon.  
*Secretary*—W. C. MACFADDEN, Cashier Commercial Bank, Fargo.  
*Treasurer*—E. H. McHUGH, Cashier Farmers & Merchants Bank, Mandan.

OHIO—ORGANIZED 1891.

*President*—W. P. SHARER, Vice-President First National Bank, Zanesville.  
*Vice-President*—S. E. FITTON, President First National Bank, Hamilton.  
*Secretary*—MAJOR STACEY B. RANKIN, President Bank of South Charleston, South Charleston.  
*Treasurer*—S. J. BRISTER, Cashier State Savings Banks Co., Canal-Dover.

**OKLAHOMA—ORGANIZED 1897.**

*President*—T. J. HARTMAN, Vice-President Bank of Commerce, Sulphur.  
*First Vice-President*—ASA E. RAMSEY, Vice-President First National Bank, Muskogee.  
*Second Vice-President*—G. E. DOWIS, Cashier First National Bank, Blackwell.  
*Treasurer*—I. H. NAKDIMEN, President Sallisaw Bank & Trust Co., Sallisaw.  
*Secretary*—W. B. HARRISON, Enid.

**OREGON—ORGANIZED 1905.**

*President*—R. L. DURHAM, President Merchants National Bank, Portland.  
*Vice-President*—LESLIE BUTLER, President Butler Banking Co., Hood River.  
*Secretary*—J. L. HARTMAN, Hartman and Thompson, Bankers, Portland.  
*Treasurer*—R. K. HACKETT, Assistant Cashier First National Bank of Southern Oregon, Grant's Pass.

**PENNSYLVANIA—ORGANIZED 1894.**

*President*—A. J. HAZELTINE, President Warren Savings Bank, Warren.  
*Vice-President*—A. S. BEYMER, Cashier Keystone National Bank, Pittsburgh.  
*Secretary*—D. S. KLOSS, Cashier First National Bank, Tyrone.  
*Treasurer*—HORACE G. MITCHELL, Cashier Peoples National Bank, Langhorne.

**SOUTH CAROLINA—ORGANIZED 1901.**

*President*—JOHN M. KINARD, President Commercial Bank, Newberry.  
*Vice-President*—EMSLIE NICHOLSON, President Nicholson Bank & Trust Co., Union.  
*Secretary and Treasurer*—LEE G. HOLLEMAN, President People's Bank, Anderson.  
*Attorney*—B. HART MOSS, President Edisto Savings Bank, Orangeburg.

**SOUTH DAKOTA—ORGANIZED 1886.**

*President*—M. M. BROWN, Cashier Commercial National Bank, Sturgis.  
*Vice-President*—J. A. DANFORTH, Vice-President Dakota National Bank, Yankton.  
*Secretary*—J. E. PLATT, Cashier Security Bank, Clark.  
*Treasurer*—R. B. McCANDLESS, Cashier First State Bank, Fulton.

**TENNESSEE—ORGANIZED 1890.**

*President*—WESLEY DRANE, President First National Bank, Clarksville.  
*Vice-Presidents*—H. E. JONES, Bristol; F. C. STRATTON, Lebanon; A. S. ELDER, Trenton.  
*Secretary*—F. M. MAYFIELD, Nashville.  
*Treasurer*—THOMAS MOTTLEY, Cashier Farmers Bank of Lynchburg.

**TEXAS—ORGANIZED 1885.**

*President*—WILLIAM R. HAMBLY, President Citizens Bank & Trust Co., Austin.  
*Vice-Presidents*—Selected from each of the seven Group Organizations.  
*Secretary*—J. W. HOOPES, Vice-President Austin National Bank, Austin.  
*Treasurer*—THOMAS F. RODGERS, Active Vice-President The National Bank of Denison, Denison.  
*Assistant Secretary*—D. W. COOLEY, Assistant Cashier Union National Bank, Houston.

**UTAH—ORGANIZED 1909.**

*President*—W. S. McCORNICK, President McCornick & Co., Bankers, Salt Lake City.

*Vice-Presidents*—M. S. BROWNING, Vice-President First National Bank, Ogden; LORENZO N. STOHL, President First National Bank, Brigham.  
*Secretary and Treasurer*—CHAS. H. WELLS, Assistant Cashier Utah National Bank, Salt Lake City.

**VERMONT—ORGANIZED 1909.**

*President*—FREDERICK H. FARRINGTON, Vice-President Rutland Savings Bank, Brandon.  
*Vice-President*—A. G. EATON, Cashier First National Bank, Montpelier.  
*Secretary*—F. R. DICKERMAN, Cashier First National Bank, Bristol.  
*Treasurer*—D. L. WELLS, Cashier First National Bank, Orwell.

**VIRGINIA—ORGANIZED 1893.**

*President*—E. P. MILLER, President First National Bank, Lynchburg.  
*Vice-Presidents*—W. B. VEST, Newport News; V. VAIDEN, Farmville; C. E. TIFFANY, Warrenton; J. W. BELL, Farmington; W. A. GORDON, Norfolk; ARTHUR LEE, Newport News; J. M. HUNT, Blackstone; B. V. BOOTH, Danville.  
*Secretary*—WALKER SCOTT, Cashier Planters Bank, Farmville.  
*Treasurer*—JULIAN H. HILL, Cashier National State and City Bank, Richmond.  
*Attorney*—GEORGE BRYAN, Richmond.

**WASHINGTON—ORGANIZED 1899.**

*President*—CHARLES A. McLEAN, Cashier Traders National Bank, Spokane.  
*Vice-President*—W. J. PATTERSON, Cashier Hayes & Hayes, Bankers, Aberdeen.  
*Secretary*—P. C. KAUFFMAN, Vice-President Fidelity Trust Company, Tacoma.  
*Treasurer*—GEORGE R. FISHER, Cashier First National Bank, Wenatchee.

**WEST VIRGINIA—ORGANIZED 1895.**

*President*—W. WYLLIE BEALL, President Commercial Bank, Wellsburg.  
*Vice-President*—MASON MATTHEWS, President Bank of Lewisburg.  
*Secretary-Treasurer*—JOSEPH S. HILL, Cashier National City Bank, Charleston.

**WISCONSIN—ORGANIZED 1892.**

*President*—JAMES T. JOYCE, Vice-President Union National Bank, Eau Claire.  
*Vice-President*—E. A. DOW, President State Bank of Plymouth, Plymouth.  
*Secretary*—GEORGE D. BARTLETT, Suite 311, Caswell Block, Milwaukee.  
*Treasurer*—JOHN J. HOLLEY, JR., Cashier State Bank of La Crosse, La Crosse.

**WYOMING—ORGANIZED 1908.**

*President*—J. L. BAIRD, Vice-President First National Bank, New Castle.  
*Vice-President*—IRA E. JONES, Cashier First National Bank, Thermopolis.  
*Secretary*—H. VAN DEUSEN, Cashier Rock Springs National Bank, Rock Springs.  
*Treasurer*—J. DE FOREST RICHARDS, President First National Bank, Douglas.

*NOTE*—Wyoming: Officers elected for ensuing year not received in time for publication in this issue.

# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

DEVOTED TO THE SCIENCE OF BANKING AND FINANCE

VOL. 4.

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No. 6

FRED. E. FARNSWORTH, PUBLISHER.

General Secretary American Bankers Association

THOMAS B. PATON, EDITOR.

General Counsel American Bankers Association

W. W. WAINE, ASSOCIATE EDITOR.

## THE NEW ORLEANS CONVENTION.

**T**HE thirty-seventh Annual Convention of the American Bankers Association at New Orleans will be memorable because of the virtually unanimous adoption of a resolution giving the unqualified approval of the Association to the revised plan proposed by Hon. Nelson W. Aldrich, for the establishment of a National Reserve Association. This was the result of a two days' discussion in which all phases of the subject of currency reform were exhaustively presented by ex-Senator Aldrich and a dozen other prominent men representing all interests.

Congratulations are especially due to the retiring President of the Association, Mr. Frank O. Watts, for this highly satisfactory result, which unites the bankers of the country in support of a definite plan and constitutes a distinct forward step towards settlement of the currency problem. It was largely because of his influence and efforts that the special program of splendid speakers on this important topic was arranged and Mr. Watts has been untiring during the year in a general educational campaign in furtherance of the plan.

Aside from the subject of currency, the Convention at New Orleans was a success both from a business and a social point of view. The registration closely approached three thousand and at the business sessions of the various sections and committees, consideration was given to a wide range of practical subjects.

The well known hospitality of the South was abundantly evidenced in the various social functions. The banquet tendered the Executive Council on the evening of Monday, November 20th, by the banks of the New Orleans Clearing House Association, and the numerous other festivities on land and water were most enjoyable.

A synopsis of the principal proceedings of the Convention is published elsewhere in the Journal.

Bulletin and the annual volume will appear in due course.

## ORGANIZING BANKS FOR QUESTIONABLE PURPOSES.

**A**N advertisement appeared a short time since in a financial journal of a "Good opening for a young man with experience to become cashier of new country bank in the South; must take small amount of stock."

The reply to an inquiry regarding the situation elicited the fact that the scheme, originated by the southern sales agent of a safe company, was to organize banks in Alabama, place the cashiers, and sell a certain make of safe; that it was necessary for each cashier to take \$1,000 worth of stock in the bank, and the sales agent or the company would secure him a salary of \$900 for the first year, and charge him therefor as their fee \$150. The idea was to organize banks with about \$15,000 capital in small towns with no opposition.

It is evident that with such a motive lying behind this plan, the chances are that banks would be organized without regard to a proper selection of directors and officers, and that sooner or later the bank and its depositors would come to grief.

The promoter in this case is certainly after a "take-off" which, so far as can be seen, is in the form of a large profit on the safe and the commission that he takes from a \$900 per year cashier.

A good banking law was recently enacted in the State of Alabama and the promoting of banks with such doubtful prospects is not permitted in that State, as the Superintendent of Banks makes rigid inquiry into all the details before issuing a charter.

Under these conditions the materialization of a scheme of such a questionable nature in this particular State would be impracticable.

# LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

## ANNUAL REPORT OF GENERAL COUNSEL.

**T**HIS report will be confined to a brief general survey of the past year's work on behalf of the Association.

### Legislation.

Probably first in importance is the promotion of certain subjects of legislation, beneficial alike to banker and public and heretofore approved by this Association. I refer to the acts to make uniform the law of negotiable instruments, warehouse receipts and bills of lading, recommended by the Commissioners on Uniform State Laws, and to the special acts drafted or prepared by your General Counsel relating to false statements for credit, derogatory statements affecting banks, checks against insufficient funds, burglary with explosives, forged or raised checks, payment of deposits in two names, payment of deposits in trust, competency of bank notaries, for enactment in State legislatures, and to the Stevens bill relating to bills of lading in Congress. These measures have for their object uniformity of commercial law and adequacy of legislation to protect banks against crime or to safeguard or facilitate banking transactions. The proposed acts on many of these subjects have, in previous years, become law in a number of States, but notwithstanding this most desirable narrowing of the field for enactment, I have great pleasure in reporting a considerable number of new enactments in many of the forty-two State and territorial legislatures which convened during 1911.

Specific details as to particular State enactments this year on all these subjects, other than bills of lading, will be given in the report of the Law Committee, and on the last-named subject in the report of the Committee on Bills of Lading. They need not, therefore, be further referred to in this report, except to present a short table giving the number merely of measures recommended by this Association enacted this year, in previous years and the total, which will show at a glance the gratifying progress made during the last few years in this most important movement and what can be accomplished by organized and persistent effort:

**Table of State Enactments.**

	This Year.	Pre-viously.	Total to Date.
Negotiable Instruments Law.	2	38	40
Uniform Warehouse Receipts Act .....	3	20	23
Uniform Bills of Lading Act.	7	2	9
False Statements for Credit.	2	7	9
Derogatory Statements .....	3	7	10
Checks without Funds.....	3	11	14
Burglary with Explosives ...	3	16	19

Forged or Raised Checks.....	5	13	18
Deposits in Two Names.....	5	16	21
Deposits in Trust .....	2	18	20
Competency of Notaries ....	2	4	6
	37	152	189

In connection with the promotion of this legislation your Counsel has devoted much of his time. His work this year has consisted in the preparing of pamphlets containing drafts of proposed laws with annotations, correspondence with secretaries and legislative committeemen of State Bankers' Associations and others concerning their introduction, progress and passage, the preparation of written arguments to meet various objections raised in State legislatures, personal attendance in a few instances at legislative committee hearings, the making of a number of addresses before meetings of commercial organizations, including two State bankers' conventions, and participation in a number of conferences of committees of such organizations. Aside from the advocacy of legislation, your Counsel has participated in special meetings of the Law Committee in New York, Detroit and Cleveland in the conduct of an investigation relative to savings deposits, pursuant to resolution of the Executive Council, and has performed other labor in this connection; he has also given much time to the Committee on Bills of Lading in connection with their consideration of plans for the safeguarding of bills of lading against forgery.

### Federal Code of Commerce.

The Committee on Commercial Law of the American Bar Association held a special meeting in Cincinnati on May 29 to consider, among other subjects, the wisdom of recommending the enactment of a Federal Code of Commerce. In view of the possible effect of any such movement upon the welfare of the Stevens bill relating to bills of lading, now pending in Congress, your Counsel attended this meeting and described in detail the history of the movement in behalf of the last-named measure. He showed that after several years of effort, by a pruning out and modifying process, its proponents have at last reached a framework of legislation which, as tested by experience, it will be practicable to have adopted. In view of this he strongly urged that nothing should be recommended by the Committee which would in any way hamper or put back the progress already attained with the present Stevens bill. His position was that while theoretically the enactment by Congress of a complete Federal code that would include the subject of bills of lading might be desirable, its early adoption would be impracticable, and that if such a code were proposed it would give a handle to opponents of the



Stevens bill to plead for delay and to argue that there was no need of giving further consideration to that measure. He therefore asked the Committee that they recommend to the American Bar Association the endorsement of the Stevens bill, and if they deemed it their duty to recommend a Federal Code of Commerce as a matter of ultimate legislation, this recommendation be so framed as to make it clear that pending the final consummation of this object the Stevens bill was favored for immediate enactment as a practicable measure of urgent necessity.

At the annual session of the American Bar Association held in Boston last August the Committee on Commercial Law recommended that it give further consideration to the subject of Federal legislation on bills of lading and hold public meetings for the purpose of obtaining the opinions of experts thereon.

**Unification of International Law of Checks.**

Upon invitation of Charles A. Conant, the American delegate to the International Conference on Bills of Exchange, your Counsel has attended a number of conferences held at the New York Chamber of Commerce with foreign exchange bankers, at which the special subject for consideration this year has been the unification of the law of checks. A "Questionnaire," presenting the points to be covered, was gone over section by section at these meetings, preliminary to attendance of the American delegate at the Second International Conference to be held at The Hague for the purpose of participating in the preparation of legislation in regard to checks. At this conference Mr. Conant will also present the views of the United States upon the proposed uniform law on bills of exchange, a preliminary draft of which was adopted at the conference last year.

**Burglary Insurance.**

In conjunction with the Committee on Fidelity Bonds and Burglary Insurance and after conference of the Committee with representatives of different surety companies, your Counsel prepared and had copyrighted in the name of the Association a standard form of bank burglary and robbery policy which, in the opinion of experts, is an improvement on any of the existing policies and is intended to take the place of the numerous policies now being written for members of the Association. A copy of this policy was set out in full in the Journal-Bulletin for September, 1911. The companies all agreed to the provisions of this policy in the main, but desired its amendment in a few particulars, not affecting its validity from the bankers' standpoint. These amendments were agreed upon at a meeting of the Committee on Fidelity Bonds and Burglary Insurance held in Chicago November 6-8, which was attended by a representative of the companies and by your General Counsel; and the policy will be again copyrighted and ready for issue before the first of January. The report of the Committee on Fidelity Bonds and Burglary Insurance will give more detailed particulars on this subject.

**Sections and Committees.**

During the year a variety of services have been performed upon request of different sections and special committees of the Association. For the Clearing House Section a brief was prepared and filed with the

Attorney-General of the United States in December, 1910, in support of the proposition that the rules of the New Orleans Clearing House, fixing a minimum charge for collection of out-of-town items, do not violate the anti-trust law. In behalf of the same Section an agreement was drawn up for the publication and copyright in the name of the Association of a Numerical Bank Directory entitled, "Key to Numerical System of the American Bankers Association," and advice has been given the special committee of transit managers who have had in charge the working out of the numerical system, concerning various phases of the law of endorsements.

A form of Articles of Association for use in the organization of clearing houses in the smaller cities and towns has also been prepared and printed.

In behalf of the Protective Committee your Counsel is constantly consulted by Mr. Gammon, the Manager of the Protective Department, and advice is given upon matters of criminal law arising in the conduct of that Department.

Legal work, consisting of opinions upon submitted questions, the furnishing of information and the drafting of papers, has been performed from time to time for the Trust Company Section, the Savings Bank Section, the American Institute of Banking Section and for special committees and officers of the Association.

**The Journal-Bulletin.**

The work of Counsel in connection with the Journal-Bulletin, aside from certain general contributions and the yearly index, is mainly confined to furnishing material for that division of the publication classed as the "Legal Department." In this department is published such of the opinions given to members as are deemed of general interest, reference to important legislative enactments or developments in judicial law and an account of the doings of certain committees with the work of which your Counsel is associated.

**Opinion Work.**

The advisory branch of the work, while it does not show prominent definite results as does the creative work, nevertheless requires the greater part of the time of General Counsel. In addition to personal interviews and consultations, an extensive service is carried on for the individual membership in answering letters calling for general information upon legal matters and for special opinions in particular cases. Letters come from bankers in every State, asking for legal opinions on questions arising in their business which cover the whole range of banking and commercial law. Many of these necessitate time for examination of authorities, and in view of the press of other matters cannot always be answered promptly. The service has been maintained, however, with all the diligence possible consistent with other duties. To illustrate its extent, 260 written legal opinions have been given during the year and several hundred letters conveying general information, this last being additional to a large miscellaneous correspondence in connection with committees and others.

**Uniform Code of Collections.**

In conclusion, your General Counsel would say that his work in connection with the Association absorbs all his time, and with each succeeding year the

field seems to widen and new subjects present themselves for remedy and reform. Next in importance to settlement of the currency question would seem the straightening out of the knots and tangles in the law governing the collection of commercial paper, which is now in a most confused state and is not adequately regulated by the Negotiable Instruments Law. The judicial decisions upon nearly all phases of the law of bank collections are in hopeless conflict—they do not square with modern banking customs—and it would seem of the utmost importance to all banks handling collection items that there be prepared for statutory enactment a uniform code of rules simplifying and making uniform the law governing collections, and covering (1) liability of initial bank for default of correspondent, (2) methods of presentment, direct and circuitous, (3) definite meaning and construction of collection endorsements and guarantees, (4) responsibility for lost items, (5) questions of title and right to proceeds in event of insolvency, and (6) such other topics as are germane to the subject. This is a problem to which General Counsel proposes to address himself at the earliest practicable moment.

#### REMISSION OF CORPORATION TAX PENALTY FOR 1909 ONLY.

A member of the Association called our attention recently to a published report that the penalties for failing to make due return of annual net income for 1909 had been remitted; and he inquired whether this was also true of penalties incurred during 1910.

General Counsel addressed a letter on the subject to Commissioner of Internal Revenue Cabell and received from him the following reply, which is self-explanatory:

"You are advised that, in view of the fact that corporations were first required to make returns of annual net income on or before March 1, 1910, this office adopted the lenient policy of not instituting any proceedings for the imposition of the specific penalty of not less than \$1,000 nor more than \$10,000 denounced by Sub-section 8, Section 38, Act of Aug. 5, 1909, against corporations which were delinquent in filing returns for 1909, and which, this office was satisfied, had no intent to evade the requirements of the statute or defraud the Government.

"This policy has not been extended to corporations delinquent in filing returns for the year 1910, said policy having been adopted for the year 1909 on account of the then recent passage of the act."

#### NEW HOLIDAY LEGISLATION 1911.

IN the November Journal-Bulletin, at page 299, was published a record of new holidays created by state legislatures during 1911. There should be added to the new holidays therein given, Columbus Day in Arkansas, Connecticut and Nebraska. In Arkansas, also, June third, the birthday of Jefferson Davis, has been made a legal holiday and also "all general biennial election days."

In the same issue we published Maine among the list of States which this year made Columbus Day a legal holiday. Columbus Day was made a "school" holiday, but not a legal holiday by the Maine legislature, and the item is corrected accordingly.

### OPINIONS BY GENERAL COUNSEL

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

#### JUDGMENT NOTES.

**Negotiability of notes containing different forms of judgment clause, considered.**

From Pennsylvania.—I am enclosing two notes for your inspection. It is claimed that the one marked No. 1 is not a negotiable instrument for the reason that it contains a judgment clause, making it a judgment as soon as complete. (The clause in question provides: "and do hereby confess judgment for the above sum, with five per cent. added for collection fees.")

It is also claimed that No. 2 is negotiable since it does not become a judgment until after maturity. (The clause in question provides: "And further, if this instrument be not paid at maturity—do hereby authorize and empower any attorney of any Court of Record in the State of Pennsylvania or elsewhere to appear for—and confess judgment against—for the above sum, with costs of suit and release of errors.") Will you kindly give us your opinion?

The Negotiable Instruments Law provides that "The negotiable character of an instrument otherwise negotiable is not affected by a provision which \* \* \* authorizes a confession of judgment if the instrument be not paid at maturity \* \* \*."

The confession of judgment clause in note No. 2 conforms to this condition and is therefore negotiable.

Note No. 1 contains a different stipulation by the maker, namely: "and do hereby confess judgment for the above sum, with five per cent. added for collection fees."

In Wisconsin Yearly Meeting v. Babler, 115 Wis., 289, the note contained a power of attorney which authorized a confession of judgment at any time thereafter, whether due or not. The court said: "The note was not negotiable because by the power of attorney which it contained, judgment could be entered upon it at any time after its date, whether due or not. Thus the time of payment depends upon the whim or caprice of the holder and is absolutely uncertain. This deprives the note of its negotiability. The Negotiable Instruments Law provides that the negotiable character of an instrument is not affected by a provision authorizing a confession of judgment if the instrument is not paid at maturity. Upon familiar principles of statutory construction this provision makes a note like the present non-negotiable."

In Milton Nat. Bank v. Beaver, 25 Pa. Superior Court, 494, it was held that a note containing an authority to confess judgment "as of any term" was non-negotiable.

As note No. 1 contains a judgment clause constituting it an immediate confession of judgment, upon which judgment could be entered before maturity of the note, I think it is non-negotiable.

**LOOSE LEAF BOOKS IN BANKS.**

**Wisconsin Legislature requires books of original entry to be permanently bound books and prohibits card system.**

From Wisconsin.—Do you know of any law prohibiting the use of loose leaf books in banks? What we refer to are books such as Draft Register, Discount Registers, Time Certificate of Deposit Registers, Collections Registers, Loan and Discount Register, etc.

The Wisconsin legislature this year passed the following law:

"All books of original entry such as the cash book or journal, the registers of certificates of deposit, of drafts and of loans and discounts shall be required to be kept in permanently bound books. The so-called card system shall in no case be permitted as a substitute for a ledger in any bank."

This is the only State legislation that I know of which prohibits the use of loose leaf books in banks.

**POST-DATED CHECK.**

**Cannot be protested before the day of its date.**

From Tennessee.—I note on page 220 of the Journal for October, a clause in regard to protesting of post-dated checks. Will you kindly explain if it is your opinion that a check that is post-dated should be protested for non-payment when presented, notwithstanding the fact that it is not due, or do you mean that it should be held until date of maturity and then protested as any other check?

In publishing the following in the October Journal—

"A post-dated check is negotiable but is not payable until the day of its date arrives. If not paid, the same reasons which would call for protest of an ordinary check would equally apply to a post-dated check"

—it was not intended to convey the idea that a post-dated check could be protested for non-payment before the day of its date, it not being payable before due. The check should be held until date of maturity and then presented and protested if not paid. If presented before maturity there is no ground for protest as refusal of payment is not a dishonor.

**TELEPHONE PROMISE TO PAY CHECK.**

**Promise over telephone not being in writing is not valid or binding as an acceptance.**

From Oklahoma.—It is becoming quite a general custom in this vicinity, to ask for certification of checks by phone; and to protect ourselves, presuming that the drawer and payee have been properly identified, it is the custom of this bank upon so certifying a check to immediately charge the customer's account with the amount, and credit "Certified Checks" account, treating the item thereafter in the same manner as though it had been certified over our counter. Are we legally justified in taking that course?

The Negotiable Instruments Law requires that an acceptance must be in writing and further provides that certification of a check is equivalent to its acceptance. Under this it has been held in Colorado, that a promise over the telephone to pay a check, not being in writing, is not valid or binding on the bank which makes the promise. I think, there-

fore, that you are not justified in immediately charging your customer's account with a check certified over the phone and treating the item thereafter in the same manner as though it had been certified over the counter for there has been no valid certification of the check and the customer would have the right to thereafter stop payment or draw out the funds before the check was paid, or legally certified. The making of the written entries on your books in charging the amount to the customer's account and crediting certified checks account would not be equivalent to a certification for the act requires not only that "the acceptance must be in writing" but that it must be "signed by the drawee" and "where an acceptance is written on a paper other than the bill itself, it does not bind the acceptor except in favor of a person to whom it is shown and who, on the faith thereof, receives the bill for value."

**CERTIFICATION BY TELEPHONE.**

**Not valid or binding under Negotiable Instruments Law.**

From New Hampshire—Some of our neighboring banks claim that in this State a check can be certified by telephone; is this so?

You have the Negotiable Instruments Law in New Hampshire which requires that an "acceptance must be in writing" and the law also provides that "certification is equivalent to an acceptance." It has been held in Colorado under these provisions of the law that a promise over the telephone to pay a check, not being in writing, is not valid or binding. I should say, therefore, in answer to your question, that a telephone certification is not valid or binding.

**INTEREST ON NOTE.**

**Opinion that holder of note has no right to enforce payment of seven per cent. interest in a stated case.**

From Michigan.—A contract for deed for sale of real estate and personal property is made with a cash payment of one-half purchase money. The purchaser gives two notes for the deferred payment. These notes are dated and payable in New York, and bear 6 per cent. interest. The payments were not met when due and the holder of the notes, who was the vendor also wrote the giver of the notes that on account of the payments not having been met when due, that he would charge 7 per cent. The maker of these notes claims not to have received the letter, but does admit that the holder of the notes told him he might charge him 7 per cent. No agreement was made to this effect—no answer given to the verbal statement, and, of course, the letter advising of the intention to charge the 7 per cent. was not answered. Can the holder of these notes enforce the payment of 7 per cent. and successfully refuse to make deed when the payment is made of the balance of principal and 6 per cent. interest?

I am of opinion that the holder of the notes in question cannot enforce the payment of 7 per cent. interest and successfully refuse to make deed when payment is made of the balance of principal and six per cent. interest. By the terms of the note the holder contracts to pay six per cent., and while it is lawful under the laws of Michigan to contract for

7 per cent., such rate is not recoverable or enforceable in the absence of a contract therefor. The facts you state do not disclose such a contract, either in writing or orally. Even though the holder wrote the maker that he would charge 7 per cent. by reason of payment not being made at maturity, this would not bind the maker to pay 7 per cent. unless he agreed so to do. In the absence of such agreement, there is no contract to pay 7 per cent., and the holder is entitled to his principal and 6 per cent. only.

#### COMPETENCY OF NOTARY.

**Qualification of notary who is director of bank in New Hampshire to protest paper for bank.**

From New Hampshire.—Under the laws of New Hampshire is a notary public who is a director in our bank a proper person to protest paper for us? I have read carefully what the A. B. A. Journal has to say on the subject and noting that answers to like questions vary in the different States, I would like the New Hampshire answer.

I do not find that there has been any legislation or decisions in New Hampshire relating to the qualification of a notary public who is a stockholder or director of a bank to protest paper for the bank. The courts in a number of states (there are a few contra) have held that a stockholder of a bank is disqualified, by reason of his pecuniary interest, from taking an acknowledgment of an instrument running to the bank. The same reason might apply where he protested paper belonging to the bank, although what little authority there is on this point is to the effect that a notary-stockholder is competent to protest the bank's paper. Where the notary is an officer and not a stockholder, the decisions quite generally hold that he is not disqualified to take acknowledgments or make protests. Your specific question is whether a notary who is a stockholder is a proper person to protest paper for the bank. In the absence of any established rule in New Hampshire I should say that he would be competent to protest paper held by the bank for collection but where the paper is owned by the bank the question of his competency is unsettled in other states and it would be uncertain in New Hampshire.

#### UNAUTHORIZED INDORSEMENT OF PAYEE.

**Recourse of payor bank upon bank receiving payment.**

From Minnesota.—I would like your opinion on a question of liability of the paying bank on a check as follows:

Saint Paul, Minn., Oct. 10, 1911.  
First National Bank  
Blank, Minn.

Pay to the order of John Doe & Co.  
One hundred dollars \_\_\_\_\_

John Doe

indorsed as follows:

(1) Pay to the order of Seaport Bank, Lynn,  
Mass.  
John Doe & Co.  
per M.

(2) Pay to the order of Exchange Nat. Bank,  
N. Y. All previous indorsements guaran-  
teed.

Seaport Bank, Lynn, Mass.

(3) Pay to the order of First Nat. Bank, Blank,  
Minn.

Exchange Nat. Bank, N. Y.

Does the paying bank incur any liability through the incorrect indorsement of John Doe & Co. in case there is trouble over this transaction?

In the case stated, assuming indorsement No. 1 unauthorized so that the check is not chargeable to the drawer's account, the payor bank would be entitled to recover the money from bank indorsing No. 3. Although that bank did not specifically guarantee the prior indorsements, yet as all prior indorsements are in full or unrestricted, purporting to transfer title to the check to the indorseees successively, the last named bank would be responsible, as the apparent owner, to refund the money collected upon the check in case of prior unauthorized indorsement.

#### STOP PAYMENT OF CHECK.

**Maker has right to stop payment under Negotiable Instruments Law. Oral notice probably sufficient and written order not necessary, although point not yet judicially passed upon.**

From Alabama.—Can the maker of a check be held for the amount of a check by an innocent holder, if the maker has stopped payment? Can the bank on which the check is drawn in such a case, be required to pay such a check in case the maker has sufficient funds? We have understood that the holder can hold only the indorser, but have been advised lately that this is not the case.

Can we be required to observe an order to not pay a check, if the order is given to us verbally and we ask for a written order—in case the maker of the check fails or refuses to give a written order? We ask for a written order whenever we receive one verbally.

Under the Negotiable Instruments Law in force in Alabama "a check, of itself, does not operate as an assignment of any part of the funds to the credit of the drawer with the bank, and the bank is not liable to the holder, unless and until it accepts or certifies the check." Consequently the maker has a right to stop payment and the bank, in such case, cannot be required to pay the amount to the holder; but the maker can be held for the amount of the check by any innocent holder thereof.

I do not know that it has ever been held that a bank is entitled to a written order not to pay and need not heed an oral one. There are decisions which are to the effect that while a bank holds a deposit subject to the order of its customer, it is entitled to a written order, such as by check, and is not bound to pay upon an oral order. But, as I understand, notices to stop payment given to the bank orally are just as valid as written notices, although the specific question of the validity of an oral notice to stop payment has not as yet come up for decision, so far as I am aware.



# PROTECTIVE DEPARTMENT



L.W. GAMMON

MANAGER

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

NEW YORK, N. Y.—21 Park Row.  
 CHICAGO, ILL.—First National Bank Bldg.  
 SAN FRANCISCO, CAL.—First National Bank Bldg.  
 LOS ANGELES, CAL.—Walter P. Story Bldg.  
 PITTSBURGH, PA.—Commonwealth Bldg.  
 PHILADELPHIA, PA.—Real Estate Trust Bldg.  
 BOSTON, MASS.—201 Devonshire St.  
 SEATTLE, WASH.—Hineckley Block.  
 PORTLAND, ORE.—Board of Trade Bldg.  
 MINNEAPOLIS, MINN.—Bank of Commerce Bldg.  
 KANSAS CITY, MO.—Midland Bldg.  
 NEW ORLEANS, LA.—Whitney Central Bldg.  
 CLEVELAND, OHIO.—444-450 Rockefeller Bldg.

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

ARKANSAS, LITTLE ROCK.—W. L. Vick, 325 West Markham St.  
 COLORADO, DENVER.—Kerr Detective Service, Kittridge Bldg.  
 DIST. OF COLUMBIA, WASHINGTON.—Edw. B. Harrigan, Stewart Building.

GEORGIA, ATLANTA.—C. E. Sears, Atlantic National Bank Bldg.  
 IOWA, SIOUX CITY.—W. C. Davenport Detective Agency, Iowa Building.

LOUISIANA, SHREVEPORT.—T. D. Price, City Hall.  
 MICHIGAN, DETROIT.—Sadler Detective Bureau, Hammond Bldg.  
 MISSOURI, ST. LOUIS.—Furlong Secret Service Co., Chemical Building.  
 OHIO, CINCINNATI.—Furlong Secret Service Co., Lyric Theatre Building.  
 OKLAHOMA, OKLAHOMA CITY.—Frank L. Staton, 230 American Bank Bldg.  
 PENNSYLVANIA, HARRISBURG.—T. G. George, 9 North Market Square.  
 TEXAS, HOUSTON.—J. E. Smith, 705 Drew Avenue.  
 VIRGINIA, RICHMOND.—Louis B. Hatke, American National Bank Bldg.

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

ENGLAND, LONDON.—Arrow's Detective Agency, 89 Chancery Lane.  
 FRANCE, PARIS.—Calchas & Debisschop, 15-17 Rue Auber.

**T**HE following is a report for the month of November pertaining to the work of the Protective Department:

A bogus check operator employing the names of J. C. Gaibreth, alias Gebbauch, has recently been quite active in a number of West Virginia towns. This swindler claims to be Deputy Auditor for the B. P. O. E. in the State of Ohio, with headquarters at Columbus, O.

On October 30, 1911, a report was received that the police of Buffalo, N. Y., had on that day arrested one Edward F. Masterson, who had defrauded a Buffalo hotel, and it was learned, had also swindled a Providence, R. I., bank (M). Our detective agents, the William J. Burns National Detective Agency, interested themselves in the matter with a view of having Masterson extradited to Providence. It was found, however, that the manner in which the offense was committed in Providence made it impossible to secure a conviction. An indictment against Masterson could not therefore be obtained in Providence, and as he had later made a settlement with the hotel in Buffalo, Masterson was released from custody.

One Albert Nelson, alias Beck, has disappeared from Pittsburgh, Pa., following the discovery of a forgery committed by him. His description is given as 30 years of age, 5 ft. 8 in. tall, weighs 175 lbs., stout build, light complexion, smooth shaven. He is of Swedish descent.

The police of Harrisburg, Pa., hold a warrant charging Norman W. Hicks with obtaining money under false pretenses by means of worthless checks. Hicks represented himself as an organizer for the Pennsylvania State Court Knights of Modern Chivalry. He is said to be 35 years of age, 5 ft. 9 in. tall, weighs 170 lbs., dark complexion, full face, smooth shaven. Dressed in dark clothes; wore a Masonic pin.

On November 6, 1911, a bank (M) in McKees Rocks, Pa., reported that it had been swindled by a

crook giving the name of A. P. Snader, who sold to the bank advertising space in a publication which he claimed would be distributed in the interests of the P. & L. E. R. R. Co. Our detective agents, the William J. Burns National Detective Agency, instituted a search for Snader, and in the course of their investigations the Burns Agency determined that a number of persons in several Pennsylvania towns had been victimized by Snader, who was assisted in his operations by two other swindlers, namely, R. F. Dunn and R. J. Dunn. The Burns Agency succeeded in locating both R. F. and R. J. Dunn in Camden, N. J., on November 8th, and on November 11th they located Snader in Harrisburg, Pa. On the dates mentioned they caused the arrest of the three men, who have since been delivered into the custody of the authorities at McKees Rocks, Pa., where these men now await trial.

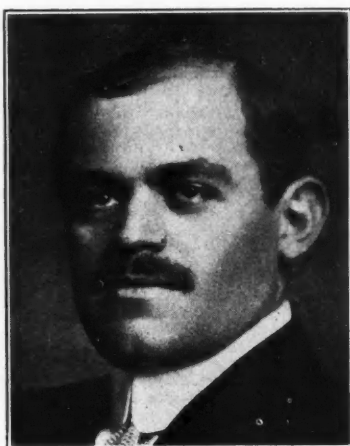
A warrant charging forgery is in the possession of the police of Newcastle, Pa., charging Paul E. Springer, alias Frank C. Merwin with forgery. This party recently appeared in Newcastle and suddenly left for parts unknown after he had forged checks drawn on two local banks. Springer's description is 30 years of age, 5 ft. 10 in. tall, weighs 145 lbs., dark complexion.

One Albert Cantor, a salesman and bookkeeper, is wanted in Philadelphia, where, it is alleged, he fraudulently obtained cash on a check to which he had forged his employer's signature. Cantor is 19 years of age, 5 feet 8 inches tall, slim build, weighs 135 lbs., black hair, smooth shaven, dark eyes, dark slightly ruddy complexion. Jewish cast of features. Usually wears glasses.

On November 4th, 1911, a bank (M) in Clairton, Pa., reported to this Department that it had been defrauded through cashing a forged order issued against a savings bank book belonging to one of its depositors. In an effort to locate the culprit, the William J. Burns National Detective Agency, our detective agents, started an investigation of the case and on November 6th, they caused the arrest in McKeesport, Pa., of Salvatore Guarino, alias Charles Arber, an Italian, 30 years of age, 5 feet 8 inches tall,

weighs 155 lbs., medium build, dark complexion, black hair, smooth shaven. Guarino has been taken to Clairton, where he now awaits trail.

On November 1, 1911, a Nazareth, Pa., bank (M) reported that one Geo. A. Kemmerer had defrauded their institution by means of a worthless check. Kemmerer was the proprietor of a poolroom in Nazareth, but left that town immediately after obtaining the funds from the bank in question. The William J. Burns National Detective Agency, our detective agents, undertook to apprehend Kemmerer, and they soon secured a trace of him in Philadelphia, Pa., where the Burns agency succeeded in causing Kemmerer's arrest on November 12th, 1911. Kemmerer, who has previously served a number of prison terms for past swindling operations, is described as 25 years of age, 5 feet 9 inches tall, weighs 145 to 150 lbs., slim build, medium complexion, dark hair, smooth shaven, thin face. He has been taken to Nazareth, where he now awaits trail.



E. KLEIN.

The above is a photograph of E. Klein, for whose arrest the police of Scranton, Pa., hold a warrant charging forgery. Klein recently disappeared from Scranton following the discovery that several promissory notes on which he had obtained funds, bore the forged endorsement of a prominent local citizen. Klein is said to be a Hungarian Jew, 40 to 45 years of age, 5 ft. 8 in. tall, stout build, dark complexion, black hair, thin black mustache. His occupation is that of contractor. A specimen of his handwriting is reproduced herewith.

*E Klein  
My self 800  
Thirty days*

A number of merchants in Scranton, Pa., were last month defrauded by a bogus check operator employing the name of J. V. McFall, who is 30 to 35 years of age, about 5 ft. 10 in. tall, medium build, smooth shaven, sallow complexion, seems to be a consumptive. Speaks German fluently, and talks English with a slight German accent.

One R. N. Miller, who stated that he hailed from Williston, North Dakota, is wanted in Bend, Ore., because of a swindle perpetrated by him in the latter city. Miller is 40 years of age, 6 ft. tall, weighs 200 lbs., smooth shaven, medium dark hair. He claimed to be engaged in the purchase of horses and cattle.

A bogus check operator has during the past month been quite active in Northern New York, where trades people have been defrauded by cashing his checks purporting to be signed by the Merchants Adjustment Company.

One Max Moslich, alias Max Maslioch, alias Max Marlioch, has recently decamped from New York City, where he succeeded in obtaining cash on forged checks. His description is given as a Hebrew, 26 to 27 years of age, 5 ft. 8 in. tall, weighs 140 lbs., black hair, sometimes stutters when talking. His occupation is that of clerk.



S. C. KIM.

We publish herewith a photo of S. C. Kim, a Korean, whose occupation is that of cook, and who is wanted in Antioch, Cal., on a forgery charge.

We reproduce below a specimen of the handwriting of S. Wohlman, a Hebrew, 50 years of age, 5 ft. 6 in. tall, weighing 165 to 170 lbs., black hair, black beard mixed with gray. Wohlman has on different occasions figured in a number of questionable check transactions in New York's lower east side, but he has invariably managed to keep within legal bounds. Last month, however, a New York bank honored a check payable to Wohlman's order which, it has since developed, bears the forged signature of the bank's depositor. Wohlman is, therefore, now being sought for this offense.

*J Wohlman  
August 580  
Eighty Basel*

In the latter part of October, 1911, one Earl Prather defrauded a New York bank (M) by means of a forged check. On November 3, 1911, Prather was picked up by the local police of Buffalo, N. Y., and has since been delivered into the custody of the New York City authorities to stand trial on a charge of burglary. Our detective agents, the William J. Burns National Detective Agency, have taken steps to ensure Prather's conviction on the forgery charge should he manage to be acquitted on the burglary charge.

On October 18, 1911, a report was received from a Doniphan, Mo., bank (M), concerning a forgery committed against the account of a depositor, whereby the bank was defrauded. Our detective agents, the William J. Burns National Detective Agency, traced the offense to one Pettus Keltner, a former employee of the depositor in question. The Burns Agency determined that Keltner had gone to Pueblo, Colo., following the commission of the forgery and that Keltner was living in Pueblo under the name of Harry Summers. The representative of the Burns Agency was in Denver on the morning of October 28, 1911, endeavoring to locate Keltner, when he learned that a young man named Harry Summers was arrested the night before by the Pueblo police charged with house-breaking. It was soon determined that the party under arrest was none other than Keltner, who will now be tried in Pueblo, following which arrangements will be made to have him extradited to Doniphan. Keltner is 20 years of age, 5 ft. 4 in. tall, slight build, weighs 125 lbs., light hair, light gray eyes, smooth shaven, round, boyish face, light complexion.

The police of Concordia, Kans., have in their possession a warrant for the arrest of a swindler named W. P. Salsbury, who represented himself as district manager for the Royal Union Mutual Life Insurance Company of Des Moines, Ia., and who has succeeded in cashing worthless checks drawn on a Blue Rapids, Kans., bank (M). Salsbury is 35 years of age, 5 ft. 8 in. tall, brown hair, slightly bald, slow talker.

A person giving the name of Judson White, and posing as a lumberman last month made his appearance in Fairfield, Iowa, where he was successful in obtaining funds on worthless checks drawn on a New York bank. White claimed to be connected with the firm of White, Frost and White, of New York. He is described as 40 years old, 5 ft. 8 in. tall, weighs 150 lbs., smooth shaven, dark eyes, black hair, slightly curly.

Last month a number of bogus pay checks were cashed by different tradespeople in Gary, Ind. These checks purported to be issued by the Illinois Steel Company. The local police undertook an immediate investigation of the case, with the result that they soon caused the arrest of J. E. Mason, a Swede, 27 years of age, 5 ft. 7 in. tall, 175 lbs. He gave his occupation as that of clerk.

One Fritz Breuer, alias Breuen, alias Brown, is wanted in San Francisco, Cal., where he fraudulently obtained funds on a forged check. Breuer, whose occupation is that of winchman, is 35 years of age, 5 ft. 9 in. tall, medium build, light mustache, fair complexion, talks with a German accent.

On November 4, 1911, a bank (M) in San Francisco, Cal., reported that it had been defrauded by one Frank H. Graham. The William J. Burns National Detective Agency, acting for the American Bankers Association, and the California Bankers Association, undertook an investigation of the case, which resulted in their tracing Graham to Fresno, Cal., where the Burns Agency caused his arrest on November 7th. Graham has been returned to San Francisco for trial.

One John Seitz is wanted in San Francisco, Cal., where, it is alleged, he succeeded in obtaining funds

on a forged check. Seitz is 28 years of age, 6 ft. tall, weighs 200 lbs., dark hair, broad shoulders, oblique scar on forehead over eyebrow, deep scar on cheek, is of German descent, and his occupation is that of blacksmith.

This Department is in receipt of information to the effect that a party using the name of J. B. Ellis is drawing worthless drafts and checks on a bank member at Indianapolis, Ind., and succeeded in securing \$5.00. This same party also defrauded a bank member at Louisville, Ky., out of \$10.00. This party is traveling with a woman, purporting to be his wife. He is described as 5 feet, 8 inches in height; light complexion, very slender, and has the appearance of a sick man. He was not well dressed.

This Department is in receipt of information from a bank member at Saginaw, Mich., to the effect that a party using the name of A. G. Gilbert is drawing drafts purporting to be issued by the United States Health & Accident Company of that city. There is no such name as Gilbert connected with the company in question. These drafts are made on the regular form, but not the same as those used by this company. They have been passed in Missouri, Louisiana and Texas, and range in amounts from \$10.00 to \$20.00. So far, no attempt has been made by this party to defraud a bank member of this Association.

The Protective Department is in receipt of information from the publishers of "Farm Loans and City Bonds" to the effect that one F. G. Fuller is drawing drafts on them without authority. They state that Fuller has been discharged from their employ, that his credentials were suspended some weeks ago, and that he is now wanted in Chicago on a charge of embezzlement. He has absolutely no authority to transact any business in the name of the "Farm Loans & City Bonds Journal," the publishers of which will pay a liberal reward for information as to Fuller's whereabouts. The office of "Farm Loans & City Bonds" is at 19 South La Salle street, Chicago, Ill.

A few months ago Powell Graboski, a Pole, opened a savings account with a Caldwell, N. J., bank (M). Graboski made frequent deposits until his account amounted to several hundred dollars. One day his bank book was brought in to the bank by a man who represented himself as Graboski, and who was able to answer all questions satisfactorily. That party stated he wished to withdraw almost all of the money credited to Graboski's account. The money was promptly paid to him. Subsequently Graboski advised the bank that his savings bank book had been stolen, and he inquired whether any withdrawals had been made against his account. He was told that the book had recently been presented at the bank and that all but a small portion of the deposit had been withdrawn. Graboski then stated that he did not withdraw this money, but that someone impersonating him had done so. On November 21, 1911, the case was brought to the attention of our detective agents, the William J. Burns National Detective Agency, who verified the fact that Graboski was not the man to whom the money was paid at the bank. The Burns Agency, did, however, determine that the money was paid to one Vicenty Olenwecz, a roommate of Graboski's, in accordance with a prearranged plan entered into between Olenwecz and Graboski, which had for its purpose the swindling of the bank in question. Graboski, it seems, told Olenwecz to get the money from the bank, it being Graboski's belief that the bank could be compelled to make good to him (Graboski). The Burns Agency accordingly caused the arrest on November 22, of both men as co-conspirators. They were taken into custody at Harrison, N. J., and now await trial in Caldwell, N. J.

Early in the morning of November 27, 1911, an attempt was made by three men to burglarize a Greene, N. Y., bank (M). A resident detected the burglars in the act and immediately gave the alarm. The burglars undertook to make their getaway on a stolen hand car, which they soon deserted, making their way on foot through the country. By this time word had reached the surrounding towns to be on the lookout for the men. This resulted in the capture later in the day of Charles Rogers, alias New Britian Blackie; James Lang, alias Black Billie, and Jim Hill. Rogers and Lang were taken into custody at Port Crane, N. Y., and Hill was apprehended in the open country about five miles outside of Port Crane. While the chase was on the burglars opened fire on their pursuers, and in the number of shots that were exchanged, Rogers was laid low, with two bullets. He is under the doctor's care in Binghamton, N. Y., too seriously injured to be removed. Lang and Hill, who are uninjured, are being held in custody at Norwich, N. Y.

A person employing the name of Don Schoonover has recently operated in different West Virginia towns with forged checks, drawn on a Parkersburg, W. Va., bank. A sample of this party's handwriting is reproduced below:

*Morrison & Wood*  
*Don Schoonover*  
*Fortune*

Several months ago one P. R. Stock, alias Randolph Stock defrauded an Anaheim, Cal., bank (M). On November 14, 1911, Stock made his appearance in Ukiah, Cal., where he attempted to defraud a local bank (M), the officials of which were suspicious of Stock and caused his immediate arrest. Stock has since been returned to Anaheim for trial, and our detective agents, the William J. Burns National Detective Agency, acting for the American Bankers Association and the California Bankers Association, are exerting every effort to insure Stock a heavy prison term.

Page 686 (second column) of the May, 1911, Journal contains an article in regard to H. Lee Russell, together with his photograph and description. Russell, who is a very dangerous bogus check operator, has recently been released from jail and has renewed operations. He is believed now to be operating in California.

On August 30, 1911, a bank (M) in Olathe, Kans., reported that one La Tour Vaught, a former resident of that city, had fraudulently obtained funds from the bank by means of a forged check. With a view of apprehending Vaught an investigation was immediately started by our Detective Agents, the William J. Burns National Detective Agency. The Burns agency have spared no efforts to locate Vaught and on November 12, 1911, they secured a trace of him and had him placed under arrest in Denver, Colo., on the date mentioned. Vaught has confessed his guilt and has been returned to Olathe, Kans., for trial. His photograph appears on page 311 of the November, 1911, Journal.

Page 162 (first column) of the September, 1911, Journal, contains an account of an attempted daylight hold-up committed on a Harlem, Mont., bank (M). That article includes mention of the death of one of the hold-up men (who has since been identified as William Saunders), and the arrest of a second man named Tom Hogan, who is now lodged in jail awaiting trial. Our detective agents, the William J. Burns

National Detective Agency, have worked unceasingly in their efforts to locate the others implicated in this attack. The Burns agency determined that one Stanley Miller, alias Lon Masker, was one of the hold-up men. They furnished guiding information to the local authorities, and as a result Miller was taken into custody at Thermopolis, Wyo., on October 16, 1911. He now awaits trial with Hogan (the man previously arrested) at Harlem, Mont.

On page 35 (second column) of the July, 1911, Journal, there is published an article relating to one C. E. Hamilton, who is involved in a swindle perpetrated upon an Edgemont, S. D., bank (M). On October 3, 1911, Hamilton was arrested and lodged in jail at Marshall, Minn., in connection with a swindle committed in that city. He is now being detained in custody there, and our detective agents, the William J. Burns National Detective Agency, have taken the necessary steps to have Hamilton finally delivered into the hands of the Edgemont authorities for trial in that city.

On November 1, 1911, a colored man, representing himself as a minister of the gospel, and who called himself Rev. D. J. White, called on a bank (M) in Atlanta, Ga., and induced them to cash his worthless check drawn on a Pottstown, Pa., bank. An investigation was immediately started by our detective agents, the William J. Burns National Detective Agency, who soon determined that "White" was none other than a notorious crook whose correct name is F. A. Mullen. The Burns Agency's representative ascertained that Mullen had also operated in Marietta, Ga., where a bank (M) cashed one of his worthless checks. In Marietta the Burns Agency developed that Mullen's brother, Tom, a local resident, was instrumental in getting the Marietta bank to cash F. A. Mullen's check. The Burns Agency therefore caused the arrest of Tom Mullen in Marietta on November 16, 1911, and he is now lodged in the Marietta jail awaiting trial. F. A. Mullen, who is still at large, is about 40 years of age, 5 ft. 11 in. tall, weighs 160 to 165 lbs., slender build, sometimes dresses in clerical garb.

The local police of Wilmington, Del., last month placed under arrest Fred'k J. Connors on a charge of issuing a worthless check. Connors is 23 years old, 5 feet 6 inches tall, weighs 132 lbs., slim build, light complexion, thin face, brown eyes, medium brown hair.

A warrant is in existence in Newark, N. J., for the arrest of F. A. Lambright, a former resident of Belleville, N. J., who held the position of bookkeeper with a large local firm, whose signature he had forged to some checks. Lambright's description is: 27 to 28 years of age; 5 ft. 5 in. tall; weighs 115 to 120 lbs.; sharp features; thin face; smooth shaven; dark brown hair; brown eyes.

J. G. Adams, alias Wm. Pool, is wanted in Roswell, New Mexico, where he recently cashed a forged check. Adams is 27 years of age, weighs 135 to 140 lbs., 5 ft. 10 in. tall, neat dresser, smooth shaven, left foot lame.

On November 18, 1911, a Natrona, Pa., bank reported that one James Breslin had succeeded in victimizing them by means of a fraudulent check. Our detective agents, the William J. Burns National Detective Agency, located Breslin in Detroit, Mich., and there caused his arrest on November 23, 1911. He has been returned to Natrona for trial.

Checks payable to C. A. Darling, purporting to be signed by the Marion Auto Company, per J. H. Kreiger, and by the American Road Machine Company have recently been circulated through the east. These checks are worthless. They are drawn on a Harrisburg, Pa., bank.





PHIL GALLICK.

Page 314 (first column) of the November, 1911, Journal contains an article regarding Phil Gallick, who defrauded a San Francisco, Cal., bank (M), and who was recently arrested in Portland, Ore. We have since received a copy of Gallick's photograph and same is now published herewith.

A swindler employing the name of M. E. Stewart, alias Frank Stewart, alias J. A. Walker, has, during the past month, been operating in the State of Illinois with worthless checks drawn on a Cape Girardeau, Mo., bank. Stewart was at one time in the employ of the Roberts, Johnson & Rand Shoe Company. His description is: about 40 years of age, dark brown hair; 5 ft. 9 in. tall, medium build, dark eyes; very well dressed; pleasing manner; good talker.

A bogus check operator using the name of L. G. Ziegler, is circulating checks drawn on a Louisville, Ky., bank (M) which purport to be signed by the Kentucky Electrical Company, by whom Ziegler fraudulently claims to be employed as a salesman. Ziegler is a man about 5 ft. 9 in. tall, weighs 150 lbs., brown hair, brown eyes, has a neat appearance and is well versed in matters pertaining to electrical equipment.

Information comes from the Peoples Bank of Blytheville, Blytheville, Arkansas, that on October 31st, 1911, they issued their cashier's check No. 137, payable to the order of Z. M. McCarroll, in the sum of \$3,134.63, the check being sent by registered mail to the Lawrence County bank, at Walnut Ridge, Arkansas, and bearing the indorsement of Z. M. McCarroll. The letter containing the check has gone astray and readers of the Journal are requested to kindly be on the lookout for same and to notify the Peoples Bank of Blytheville or the Lawrence County Bank if any trace of the check is obtained.

One R. D. Simpson is issuing worthless checks, drawn on a Lewiston, Mont., bank (M), which purport to be signed by the Montana Newspaper Company. Simpson, who is a former employee of the company mentioned, is described as 25 years of age, 5 ft. 10 in. tall, weighs 175 lbs., light hair, smooth shaven.

In the March, 1911, Journal, page 529 (first column), there is published an article concerning the arrest of Geo. Bitter in connection with a forgery perpetrated on a Groton, S. Dak., bank (M). It was

impossible to secure a conviction in this case and Bitter was therefore released.

On November 17th, 1911, an Edgewater, N. J., bank (M) advised that one Paul Uhlig defrauded their institution by means of a worthless check. Our detective agents, the William J. Burns National Detective Agency, undertook to bring about Uhlig's arrest, and on November 22d, 1911, the Burns Agency had Uhlig taken into custody in New York City, where Uhlig awaits trial, the crime having technically been committed in New York City. Uhlig is about 45 years of age, 6 ft. tall, weighs 250 lbs., small mustache, full, round face, dark brown hair, dark eyes.

On October 23d, 1911, it was reported by a bank (M) in Ridgefield Park, N. J., that the bank had suffered a loss through honoring a check which had been raised from \$15 to \$1,500. Our detective agents, the William J. Burns National Detective Agency, determined that the crime was committed by one F. Wehner, an oil salesman, and they caused Wehner's arrest in West Hoboken, N. J., on October 24th. Wehner is 31 years of age, 5 ft. 7 in. tall, weighs 150 lbs.

The police of Aurora, Mo., hold a warrant charging W. E. Garris with having altered a check and raising the amount on it from \$5 to \$65. Garris is a farmhand, 22 to 23 years of age, 5 ft. 10 in. tall, weighs 140 lbs., dark complexion, black, wavy hair, blue eyes, medium build, smooth shaven.



JAMES F. LONG.

On the morning of October 28, 1911, a person representing himself as P. D. Gallagher deposited with a Chicago bank (M) a cashier's draft for \$5,000 issued by a St. Louis bank to Gallagher's order. Later in the day this depositor withdrew \$4,250, and not until after he left the bank was it suspected that Gallagher's endorsement had been forged to the draft. Our detective agents, the William J. Burns National Detective Agency, interested themselves in the case and soon ascertained that the person who deposited the draft with the Chicago bank and later withdrew the \$4,250, was James F. Long, a resident of St. Louis. The Burns Agency further ascertained that the draft in question had been mailed by a large St. Louis commission house to P. D. Gallagher in another city; that that house had in its employ a clerk named Francis L. Frick; that it was Frick's duties to send out that firm's mail, and that he (Frick) had withheld the letter containing the Gallagher draft and had given same to Long with the request that Long endeavor to raise

the money on the draft. Frick when questioned was forced to admit the truth of this, but firmly contended that he received as his share of the transaction only \$6. However, a representative of the Burns Agency, accompanied by an officer of the St. Louis police force, made a thorough search of Frick's home, and succeeded in recovering \$1,300. Frick finally admitted that he had actually received \$1,316 from Long. The Burns Agency therefore caused Frick's arrest in St. Louis on November 8, 1911, and he now awaits trial there.

Continuing their investigation the Burns Agency developed the fact that after Long drew the cash from the Chicago bank he had returned to St. Louis. Leaving St. Louis, Long was traced by the Burns Agency to Kansas City, thence to Denver, to San Francisco and Los Angeles. Leaving Los Angeles, Long returned to San Francisco and from there went to Kansas City, later going to New York, where, on December 4, 1911, the Burns Agency located him and caused his immediate arrest. Long has since signed a confession admitting fully the part that he and Frick played in this crooked transaction. He is now lodged in the Tombs in New York City awaiting extradition to Chicago, Ill. Our Detective Agents and this Association are indebted to the police authorities of St. Louis, Mo., for the able assistance they rendered in connection with this case.

Paul E. Matthews, alias P. C. Martin, is wanted in Weston, Ore., where he succeeded in fraudulently obtaining funds on a worthless draft. Matthews is described as 40 years of age, 5 ft. 8 in. tall, dark complexion, dark hair, slightly tinged with gray, brown eyes, hooked nose.

Ope William Canfield is wanted in Salmon, Idaho, on a charge of fraudulently obtaining money on worthless checks. Canfield, a former resident of Salmon, is about 30 years of age, 5 ft. 7 in. tall, weighs about 150 lbs., light hair, light complexion, gray-blue eyes. He was employed as a rough painter on a gold dredging boat.

A warrant has been issued in Chicago, Ill., for the arrest of E. B. Carr, a promoter, who is charged with issuing worthless checks; he is about 55 years old, 5 ft. 5 in. tall, weighs 150 lbs., sandy hair.

There is published on page 314 (first column) of the November, 1911, Journal, an article relating to the arrest of C. G. Ford, who defrauded an El Centro, Cal., bank. Ford was sentenced to two years, but has been released on probation.

Page 316 (first column) of the November, 1911, Journal, contains an account of the arrest of Adrian Lockhart and Roy Wells, two young men who attempted a daylight hold-up on a Vera, Okla., bank (M). Wells and Lockhart have each been sentenced to serve five years in the State Reformatory at Granite, Okla.

A young man employing the name of Walter Bernhard, has recently made his appearance in Los Angeles, Cal., where he presented a forged letter of recommendation on a letterhead of a New York banking house.

The man in question is an undersized German Jew, about 28 years of age, about 5 ft. 4 in., high complexion, gray-blue eyes, medium brown hair, slightly curly, small mustache, speaks English fluently, with a slight accent, was formerly with a banking house in Hamburg, whose name he uses, and has a criminal record in Hamburg.

Page 594 (first column) of the April, 1911, Journal contains an article concerning the arrest of Fred B. Hatfield in connection with a forgery perpetrated on a Winkelman, Ariz., bank (M). Hatfield has been sentenced to six months in jail and to pay a fine of \$100.

The April, 1911, Journal, page 506 (first column), contains an article concerning the arrest of Walter A. Hester in connection with a forgery committed on a Los Angeles, Cal., bank (M). Hester has since

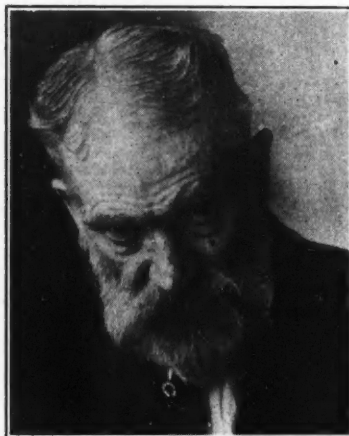
been given a sentence of three years, but has been let go on probation.

The September, 1911, Journal, page 162 (second column), contains an article in relation to C. G. Andrews, who defrauded an Asheville, N. C., bank (M). On November 25th, 1911, the body of Andrews was found in a Kansas City, Mo., public park, a suicide.

There is published on page 162 (second column) of the September, 1911, Journal, an article relating to the arrest of Harry Ragsdale in connection with a forgery perpetrated on a Manitou, Colo., bank (M). In the absence of sufficient evidence to convict Ragsdale of this forgery, he has been released from custody.

A swindler giving the name of John R. Howard has recently made his appearance in Chicago and adjacent cities, where he has attempted to raise money on worthless certificates of deposit purporting to have been issued by a Washington, D. C., bank. It is stated that Howard was at one time a saloon keeper in Cincinnati, O. He is 45 to 50 years of age, about 5 ft. 10 in. tall, and weighs about 180 lbs.

This Department is in receipt of information to the effect that a party signing the name of W. H. Martin is drawing worthless checks made payable to E. M. Bates, drawn on a bank at Reading, Pa. This party has no account at the bank in question; he is passing these checks on hotel keepers and is traveling in Pennsylvania.



CHARLES W. KING.

The above is a photograph of Charles W. King, who was arrested in Providence, R. I., on October 23d, 1911, following his attempt to raise funds on a worthless draft drawn on a Chicago, Ill., bank.

King was at one time the leading man in some of the foremost theatrical productions, and commanded a high salary. As he grew older, however, he fell from grace and drifted out of the theatrical profession.

Frank B. Scholl, an account of whose arrest appears on page 225 (first column) of the October, 1911, Journal, has been released from custody in Denver, Colo., because of inability to secure a conviction on the strength of the evidence produced.

Page 224 (second column) of the October, 1911, Journal contains an article relating to Isaac L. Raines, alias Ed. L. Butler, who defrauded a Cheyenne, Wyo., bank (M), and an Asbury Park, N. J., bank (M). This criminal has since been sentenced to serve a term of seven years in the Government Penitentiary at Leavenworth, Kans.

The arrest of Edward Benton, who has defrauded a number of banks, is recorded on page 162 (second column) of the September, 1911, Journal. Benton has been given a sentence of five years in the Columbus, O., State Penitentiary.

Jack Christian, 28 to 30 years of age, 5 feet 9 inches tall, weighs 160 lbs., sallow complexion, dark hair, smooth shaven, heavy dark eyebrows, sloped forehead, long nose with high bridge, long protruding chin, is wanted for defrauding merchants with bogus checks.

This Department is in receipt of information to the effect that a party giving the name of J. Miller, representing himself to be in business on his own account is selling Christmas candy and handkerchief boxes. He is described as about 35 years of age; five feet six inches in height; thick set; weighing about 145 pounds; dark complexion. This party is drawing worthless checks on a branch bank of a member in New York City. These checks bear a forged certification and are signed Charles H. Ellwood, and the check before us is for \$18.50. So far no bank member has been defrauded through this party, as he has confined his operations to individuals.

**STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.**

**AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE.**

**From September 1, 1911, to November 30, 1911.**

New York, December 1, 1911.

Persons arrested, convicted, sentenced, awaiting trial, etc.

	Awaiting Trial Sept. 1, 1911.	Arrests From Sept. 1, 1911, to Oct. 31, 1911.	Arrests in November, 1911.	Total.	Convicted.	Released.	Escaped or Fugitives.	Suicide or Died.	Awaiting Trial.
Forgers, etc.....	69	37	20	126	34	15	1	1	75
Burglars .....	9	..	3	12	6	1	..	..	5
Hold-up Robbers ...	1	3	1	5	2	..	..	..	3
	79	40	24	143	42	16	1	1	83

**ALLEGED FORGERS, ETC.**

Nov. 18, James Breslin arrested in Detroit, Mich.; defrauded Natrona, Pa., bank (M); returned to Natrona for trial.

Nov. 17, Paul Uhlig arrested in New York; defrauded Edgewater, N. J., bank (M); awaits trial in New York.

Oct. 24, F. Wehner arrested in West Hoboken, N. J.; defrauded Ridgefield Park, N. J., bank (M) with raised check; awaits trial in Ridgefield Park, N. J.

Nov. 4, Frank H. Graham arrested in Fresno, Cal.; swindled San Francisco, Cal., bank (M); returned to San Francisco for trial.

Oct. 28, Pettus Keltner arrested in Pueblo, Colo., for house breaking; also defrauded Doniphan, Mo., bank (M); awaits trial in Pueblo.

Nov. 3, Earl Prather arrested in Buffalo, N. Y.; returned to New York City to stand trial for house breaking; also defrauded New York City bank (M); awaits trial in New York City.

Nov. 12, Geo. A. Kemmerer arrested in Philadelphia, Pa.; defrauded Nazareth, Pa., bank (M); returned to Nazareth for trial.

Nov. 6, Salvatore Guarino arrested in McKeesport, Pa.; defrauded Clairton, Pa., bank (M); returned to Clairton for trial.

Nov. 8, R. F. & J. F. Dunn arrested in Camden, N. J.; Nov. 11, A. P. Snader arrested in Harrisburg,

Pa.; all returned to McKees Rocks, Pa., in connection with fraud perpetrated on McKees Rocks bank (M).

Oct. 30, Edw. F. Masterson arrested in Buffalo, N. Y.; defrauded Providence, R. I., bank (M); released because of inability to secure a conviction.

Oct. 3, C. E. Hamilton arrested in Marshall, Minn.; defrauded Edgemont, S. Dak., bank (M); awaits trial in Marshall.

Nov. 16, Tom Mullen arrested in Marietta, Ga., as the accomplice of his brother, F. A., now at large, who defrauded Atlanta, Marietta and other banks (Ms.). Tom Mullen awaits trial in Marietta.

Nov. 8, Francis L. Frick arrested in St. Louis, Mo.; \$1,300 recovered, in connection with forgery committed upon Chicago, Ill., bank (M); Frick awaits trial in St. Louis.

Nov. 12, La Tour Vaught arrested in Denver, Colo.; defrauded Olathe, Kans., bank (M); awaits trial in Olathe.

Nov. 14, P. R. Stock arrested in Ukiah, Cal.; defrauded Anaheim, Cal., bank (M); awaits trial in Anaheim; returned to Anaheim for trial.

Nov. 22, Powell Graboski and Wicenty Olenwecz arrested in Harrison, N. J., following conspiracy to swindle Caldwell, N. J., bank (M); returned to Caldwell for trial.

Nov. 25, 1911, C. G. Andrews, body found in a Kansas City, Mo., public park, a suicide; had been indicted for forgery committed against Asheville, N. C., bank (M).

Isaac L. Raines, alias Ed. L. Butler, given seven years in Government Penitentiary at Leavenworth, Kans.; defrauded Cheyenne, Wyo., and Asbury Park, N. J., banks (Ms.); arrest reported in October, 1911, Journal.

Edward Benton sentenced to five years in Columbus, O., State Penitentiary; defrauded banks (Ms.); arrest reported in September, 1911, Journal.

Fred. B. Hatfield sentenced to six months and to pay \$100 fine; arrest reported in April, 1911, Journal; defrauded Winkelman, Ariz., bank (M).

C. G. Ford given sentence of two years, but was released on probation; defrauded El Centro, Cal., bank (M); arrest reported in November, 1911, Journal.

Frank B. Scholl released from custody because of inability to secure conviction, in connection with fraud perpetrated upon Denver, Colo., bank (M); arrest reported in October, 1911, Journal.

Geo. Bitter released from custody because of inability to secure a conviction, in connection with forgery committed against Groton, S. Dak., bank (M); arrest reported in March, 1911, Journal.

Walter A. Hester given a sentence of three years; released on probation, in connection with forgery committed against a Los Angeles, Cal., bank (M); arrest reported in April, 1911, Journal.

Harry Ragsdale released from custody because of inability to secure a conviction, in connection with forgery committed against Manitou, Colo., bank (M); arrest reported in September, 1911, Journal.

**BURGLARS.**

Nov. 27, Charles Rogers, James Lang and Jim Hill arrested in Port Crane, N. Y., following attempt to burglarize Greene, N. Y., bank (M). Lang and Hill await trial at Norwich, N. Y.; Rogers, wounded, detained in custody at Binghamton, N. Y.

**HOLD-UP ROBBERS.**

Oct. 16, Stanley Miller arrested in Thermopolis, Wyo., in connection with hold-up committed on Harlem, Mont., bank (M); returned to Harlem, Mont., for trial.

Adrian Lockhart and Roy Wells each given five years in Granite, Okla., State Reformatory, following attempted hold-up committed on Vera, Okla., bank (M); arrests reported in November, 1911, Journal.

**AWAITING TRIAL DECEMBER 1, 1911.**

**ALLEGED FORGERS, ETC.**

H. S. Kirkpatrick.....West Point, Ga.  
 Henry West .....Yuma, Ariz.  
 Ben Hockaday .....Des Moines, Iowa.  
 Chas. L. Johnson .....Grand Rapids, Mich.  
 C. C. Biassell .....Perry, Okla.  
 Matt Conner .....Hinton, West Va.  
 M. E. Starling .....Quitman, Ga.  
 James Wilson .....Brooklyn, N. Y.  
 Lee Hepler .....Hickory, Pa.  
 Patrick Gallagher .....Jersey City, N. J.  
 Albert M. Kutzkey .....St. Johns, Ore.  
 John C. Byland .....Burlington, Ky.  
 J. E. Posey .....Aiken, S. C.  
 Eug. C. Brockaw .....Chicago, Ill.  
 Irving G. Crocker .....Chicago, Ill.  
 S. H. Gray .....Athens, Tenn.  
 Ollie Hilliards .....West Newton, Pa.  
 Chas. M. Meeker .....Dalhart, Tex.  
 R. L. Peebles .....Birmingham, Ala.  
 John C. Walsh .....Brooklyn, N. Y.  
 Wm. Nance .....Bixby, Okla.  
 Ernest Bernard .....New York City.  
 Wm. J. Jones .....Claremore, Okla.  
 W. J. Williams .....Richland, Ga.  
 Andria Steicheff .....Fort Wayne, Ind.  
 Spiro Alexsi .....Fort Wayne, Ind.  
 A. S. Cauble .....Cairo, Ill.  
 Warren Hank .....Wapakoneta, O.  
 A. R. Saffold .....Atlanta, Ga.  
 R. A. McKnight .....Johnson City, Tenn.  
 E. E. West .....Harrisonville, Mo.  
 Thos. McDonald .....Hoquiam, Wash.  
 H. H. Moody .....Oklahoma City, Okla.  
 E. C. Trigg .....Little Rock, Ark.  
 Bert Clark .....Bartlesville, Okla.  
 Rocco Muccini .....Monessen, Pa.  
 A. E. Stone .....Lawrence, Kan.  
 Anthony Beddell .....East Hampton, N. Y.  
 Stacey Smith .....East Hampton, N. Y.  
 Max Kaplan .....Brooklyn, N. Y.  
 J. S. Stevens .....Flagler, Colo.  
 Alice A. Black .....New Orleans, La.

Israel Rothstein .....New York City.  
 Arthur R. Von Keller.....Newark, N. J.  
 Frank L. Moore .....Mt. Morris, Pa.  
 D. E. Woods .....Nowata, Okla.  
 L. J. Flannigan .....St. Louis, Mo.  
 Walter Purnell .....Point Pleasant, N. J.  
 C. P. Springer .....Eureka, Cal.  
 R. C. Clark .....Eureka, Cal.  
 Phil Gallick .....San Francisco, Cal.  
 Jack Kelly .....San Francisco, Cal.  
 Barzillo Conover .....Califon, N. J.  
 Wm. Otto Weems .....Palco, Kans.  
 Curtis Stokley .....St. Johns, Kans.  
 Will Williams .....St. Johns, Kans.  
 Geo. Tendall .....St. Johns, Kans.  
 James Breslin .....Natrona, Pa.  
 Paul Uhlrig .....New York City.  
 F. Wehner .....Ridgefield Park, N. J.  
 Frank H. Graham .....San Francisco, Cal.  
 Pettus Keltner .....Pueblo, Colo.  
 Earl Prather .....New York City.  
 Geo. A. Kemmerer .....Nazareth, Pa.  
 Salvatore Guarino .....Clairton, Pa.  
 R. F. Dunn .....McKees Rocks, Pa.  
 J. F. Dunn .....McKees Rocks, Pa.  
 C. E. Hamilton .....Marshall, Minn.  
 Tom Mullen .....Marietta, Ga.  
 Francis L. Frick .....St. Louis, Mo.  
 La Tour Vaught .....Olathe, Kans.  
 P. R. Stock .....Anaheim, Cal.  
 Powell Graboski .....Caldwell, N. J.  
 Wilcenty Olenweez .....Caldwell, N. J.  
 A. P. Snader .....McKees Rocks, Pa.

**BURGLARS.**

Mike Connors .....Layton, Utah.  
 Frank Morris .....Layton, Utah.  
 Charles Rogers .....Binghamton, N. Y.  
 James Lang .....Norwich, N. Y.  
 Jim Hill .....Norwich, N. Y.

**HOLD-UP ROBBERS.**

Tom Hogan .....Harlem, Mont.  
 Sam A. Hamilton .....Belleville, N. J.  
 Stanley Miller .....Harlem, Mont.



# AMERICAN INSTITUTE OF BANKING BULLETIN



## COST ACCOUNTING IN BANKS.

Symposium Conducted at the Rochester Convention.

### HOW INSTITUTE EXPERTS CLARIFIED ONE OF THE MOST COMPLICATED OF SUBJECTS.

As was noted in the September issue of the Bulletin, the Rochester Convention was a complete demonstration, first, that the Institute is distinctively an educational body, and second, that it is composed of financial students who, through the Institute, have acquired a high degree of theoretical and practical knowledge of their profession.

There were two sessions which particularly illustrated the work of the Institute—the one during which the proposed Reserve Association of America was discussed, and the one which was devoted to a symposium on "Cost Accounting in Banks." The report of the former, which has been previously published, presents a comprehensive and intelligent survey of that subject which reflects great credit on the Institute in general, but more particularly on the individual members who, in their contributions to the discussion, showed such a thorough knowledge of the principles upon which monetary legislation should be based.

In the other session the scope of the Institute was further demonstrated, when it was shown that the ranks also include many who are masters of the practical side of their business. There is probably no other subject in modern bank accounting which is of greater importance to the banks themselves than this one which analyzes the expenses and the profits in an intelligent manner. A thorough understanding of the subject necessitates a complete knowledge of all the details in all departments of bank accounting.

Realizing that in the Institute were the men who were best informed on such matters, and that the Convention would be an opportune occasion to have this particular subject thoroughly investigated, the Program Committee endeavored to assemble at this time an aggregation of its members who were equipped for this special purpose. The results more than justified the effort which was expended. Never before has the matter been so carefully considered,

and this by its most skillful exponents. The papers which were prepared for the occasion covered all sides of the question from every individual and sectional point of view. The extemporaneous discussion which followed the reading of each essay was spirited and interesting, and of such nature as to give each of the delegates in attendance an intimate knowledge of the subject. Following herewith are some of the essays which were either read or contributed. While it would not be practical to report verbatim all that was said, the following articles fully cover the subject, and in their entirety, present the most complete review of cost accounting in banks which has ever been published.

The meeting was called to order by President MacMichael at 2.45 on Friday afternoon, September 8th, 1911. After announcing the topic to be discussed, Vice-President Humes was asked to preside over the meeting. Mr. Humes, on taking the chair, stated the purposes of the session: "There is hardly any doubt that this subject of "Cost Accounting in Banks" is a very important one, and that it comes home to every one of us. No matter what our opinions may be about the movement for the currency association, this thing of cost accounting, to a greater or less extent, is discussed every day in banks. The business of banking has become so competitive that every item has to be carefully considered and gone over, so that after you have done business for the year you may show a little profit; and we can profit a great deal by an interchange of ideas along these lines. In this discussion I am going to call on two or three who volunteered to let us hear from them, and afterwards we would like to have some ideas from different ones—of course, to a certain extent limiting your discussions. The first I have here is Mr. Ensell, of New York."

E. H. ENSELL.

National City Bank of New York.

A consensus of opinion of all the important progressive and up-to-date banks of the country seem to indicate a marked tendency toward a more complete and comprehensive analysis. Communications from twenty-five cities, including New York, Boston and Philadelphia, to San Francisco, Los Angeles and Seattle, from Dallas, New Orleans and Mobile through to St. Paul, Chicago and Cleveland, state that in-

creased attention is being paid to the actual value of an account.

There are some objections to an exhaustive analysis. It may not be always profitable. The personal equation is always present. The main objection to cost accounting is the fact that it represents quite a little labor and some considerable expense. It is argued that were a bank to have a few accounts more or less the earnings and expenses would not be increased or decreased, therefore not much attention should be paid to the cost of any one account. This may be apparently true on the surface, but it is in reality theoretically and practically wrong, for the reason that if a bank had but one account that single account would necessarily have to stand all the cost and make all the earnings; therefore if a bank have one thousand or one hundred thousand accounts each one of the accounts must have its right proportion of cost and earnings attributed to itself.

It is because the value of some accounts is overestimated, and the value of other accounts is underestimated that it becomes necessary to analyze all accounts. The aim of all cost accounting is to arrive at the actual usable balance. For example: A bank might have an account with an apparent average balance according to the ledger of \$50,000, which \$50,000 might contain an average amount of \$25,000 that was continually in the process of collection. The apparent average of \$50,000 would then be reduced to \$25,000. From the remaining \$25,000 the percentage of reserve, whatever the percentage might be according to the National or State laws, would have to be deducted. The amount that remained would give some available, loanable balance with which a bank could do business. This loanable balance would have to bear all the cost of the account, that is its proportion of administration expenses, overhead and fixed charges, clerical labor, etc. Where the proportion of cost that is attached to an account is more than the actual usable balance can earn, then the account is on a losing basis, and in reality there is no actual usable balance. The actual usable balance is the basis on which all bank earnings are founded.

Comparison between the cost accounting systems in other lines of business, particularly in the manufacturing line, will show how far banks are behind the times. Cost accounting in a bank is underdeveloped compared with the scientific systems developed in other lines of business.

It is conceded to be impossible to reduce cost accounting in a bank to an exact science, because of numerous influences that are continually at work directly and indirectly which do not appear on the surface. As time goes on, however, through the processes of evolution, the losses, the wastes and the leaks of to-day will have to find a place in the accounting of to-morrow.

The handling of accounts is the primary reason for a bank coming into existence, therefore, all the cost and earnings must be passed back to the accounts which are handled. The capital and surplus are no more than the insurance fund, which the shareholders put up as a guarantee for the faithful administration of the accounts. A fair rate of interest is to be charged for the use of the capital and surplus, and added to the other cost items.

The larger accounts in a bank are usually assumed to be on a paying basis. The value of some of these accounts may be considerably overestimated when no account is taken of the labor attached to their handling. From one to fifty thousand, or one hundred thousand items have been known to go into and out of an account in one month. To consider two accounts of equal value, the one with many items and much clerical labor, the other with no items and little or no clerical labor, would be unjust to both accounts.

The smaller accounts present the real problem. Much tact is required in their handling. They are not altogether desirable, but are accepted, however, for several reasons: Either for the future possibilities, a small account may grow to be a large and profitable one at some future time, and also a small account may exert some influences over other ac-

counts that are on a paying basis; they may be accepted for advertising purposes, or the small depositors may have other relations with a bank that are of a profitable nature.

There are banks and trust companies in New York who refuse to accept an account where the depositor does not agree to keep his balance above a certain minimum figure. In many cases when an account shows an average balance of less than \$200, the bank imposes a tax of one dollar a month, for the purpose of covering the cost of handling accounts of that character. It is quite difficult to make a depositor understand why he should be obliged to pay 6 per cent., or more, to a bank for the privilege of keeping a deposit in a bank on which the bank may make an earning. This is the point where cost accounting or analysis work is absolutely necessary. It is one thing to say an account is carried at a loss; it is another thing to give the reasons, and to show the exact figures of cost that are attached to the account. It is clear if all the accounts a bank had were of the character of the \$200 account that required certain labor in their handling, a bank could not long exist and continue to earn a profit. All profitable banking business is between these two classes of accounts. The small accounts, which are of no value, and the larger accounts, the value of which is overestimated.

A banking institution is unique. A banking institution operating under the National Bank Act, or under the State laws is endowed with certain peculiar privileges which are denied to any other class of institutions or corporations. It performs a certain kind of service that no other class of business can. It is an expensive machine to operate; it is conducted for profit like all other business. The margin of profit represents the difference a bank may earn on the actual usable balances, and the cost of administering those balances. Now, what service does a bank render to an account for the deposit that is left in its keeping? The bank accepts, administers and insures the deposit; furnishes pass books, check books, and statement of the account; collects out-of-town checks, and performs a number of other services no other kind of a business corporation could. One of the important things a bank does is to guarantee the signature on a check it pays for the account of a depositor. When a man pays a bill to some one he has never seen, whose signature he does not know it would be impossible for him to say that the person to whom he actually intended the money paid received it without the bank's guarantee; this guarantee is warranted by the bank. This is an important service, but its value is frequently overlooked.

The tendency among depositors at all times is to keep the larger portion of their funds out in a time investment, or on deposit in a savings bank or trust company for a long period undisturbed, in order to take advantage of a higher rate of interest. Under the circumstances it is reasonable for a bank to demand a fair working balance, that is, the actual usable balance should be commensurate with the service rendered by a bank, so that the relation of depositor and bank may be mutually profitable. When some accounts take more advantage of the service than their balance warrants it necessarily works some injustice to the other accounts.

In the light of modern reason, how far should a bank go to approximate the value of an account? Certainly a guess is not satisfactory, and it is also impossible to establish an elaborate expensive system of analysis that would cost more than it could save; but it is possible and also practical to install a system that would be simple, direct and comprehensive and at the same time include all the elements of cost and earning, and apportion these costs and earnings evenly among all the accounts in an economical manner.

It must be remembered, however, no arbitrary rule can be based on cost accounting whereby a bank can determine its policy or attitude towards its customers and depositors. Cost accounting is really intended to be used for comparative purposes, and should be consulted the same as credit information

before entering into new relations with a depositor.

In certain banks the officers, credit men, or heads of departments are expected to watch the accounts pretty closely, and to be able to determine at a glance whether they are on a paying basis without applying any definite test. What credit man, however well informed, will render an opinion on credit from memory? The credit files must be consulted, the statements must be scrutinized, as a guide to aid the judgment. Analysis work is intended to serve in a manner like credit information, a definite plan on which to base opinions. Where accounts show by cost accounting to be continually on a losing basis, some effort must be made sooner or later to bring such accounts to a paying condition.

Heretofore banks, as a rule, have never given direct attention to the labor of handling an account. They have not considered the fixed charges, overhead expenses, and administration expenses that are applicable to the cost of handling the different items. The clerical labor and mechanical labor of handling the accounts comprise a large portion of the expense of operation. This expense should be borne by those accounts for whose benefit it was created.

There are three distinct and separate theories in existence with regard to the apportionment of the earnings and expenses among the accounts. The first theory is that all the service of the different departments of a large commercial bank should be held at the indiscriminate disposal of all the customers; there should be no distinction made between a maximum use or a minimum use of the benefits of the various departments; no discrimination between an account that requires much labor or little labor in its handling. This theory works well where there is no wide margin of difference between the most active and the most inactive account.

The second theory is that all the service of the different departments represents some definite cost that may be traced to the accounts that take advantage of this service and should be compensated for either directly or indirectly in each case. This theory represents the ideal condition, but could never exist on account of the indirect influences continually at work, and which do not always appear on the surface.

The third theory is a combination of, or a compromise between the other two theories; that is, some of the departments exist as a general accommodation the value of which may not be determined in dollars and cents, but that the service of other departments represents a definite expense that may be found to exist for the benefit of one certain class of depositors over another class. It is on the basis of this third theory, the reasonable middle course, we have the two natural units of cost in the banking business. First, the unit of cost on the basis of dollars of balance to be administered; Second, the unit of cost on the basis of labor, or items to be handled. In order to arrive at these two units of cost it is necessary to separate the cost of the two different classes of service. The administration expenses must be separated from the labor expenses. In considering the labor expenses only the department whose time is continually occupied in handling items should be included; such as: the Receiving Teller, the Mail Teller, the Check Desk and bookkeepers, the Transit and City Collection Department, in short, all the labor departments. All other departments, such as: the Loan Department, the Credit Department, the Discount Department, etc., are occupied in the earning operation, they handle a minimum number of the items and the cost of these departments is to be applied to the accounts on the basis of dollars of balance to be administered.

The accounts then are the raw materials with which a bank does business. It is no longer a question of how much the accounts cost or earn—since all the cost and earning has to be passed back to the accounts—but how to apportion the cost and earning on an equitable basis.

There are two fundamental mechanical operations in the banking business; First, the earning and Second, the labor operation. The earning operation

is principally the lending of money. It is on this operation we have the unit of cost on the basis of the dollars of balance to be loaned or administered. The second unit of cost in the labor operation is best reduced to the handling of items, and we have the unit of cost of each item handled in each different department.

The question now arises how to figure out the units of cost on these two different operations. There are a number of methods, some very complex and complicated, others that are simple and direct. Some of the methods attempt to apportion the floor space, desk room, overhead and fixed charges, and to divide the clerks' and officers' time, etc. This method is complicated and defeats its own purpose. The most direct and simple method that would include all the elements, both clerical labor and a right proportion of the fixed charges, overhead expense, and administration expenses, of cost in handling items in the Items Department would be to charge into the Items Department: First, those expenses that are direct, such as clerk hire, bookkeepers, books and stationery, etc.; Second, to include in this amount already charged to the different Items Departments a fair proportion of the other fixed charges. This amount may be best found by adding the totals of the direct expenses charged to the different Items Departments and see what ratio they bear to the total of all other operating expenses, and by reducing the general operating expenses an amount in proportionate ratio which the direct figures already in the Items Departments bear to the general operating expenses, and distributing this amount deducted proportionately among the Items Department we now have a very accurate proportion of fixed charges, overhead expenses and administration expenses in the Items Departments, to cover the indirect expenses in handling the items.

The remainder of the general operating expenses would be applied to the dollars of balances left on deposit to be administered. By dividing these general operating expenses by the number of dollars of deposits would give the unit cost on one dollar of deposit to cover the expense of administration. By dividing the total of both direct and indirect expenses of the different Items Departments by the number of items in each department would give the unit of cost for handling one item in each of the Items Departments.

The theory of Domestic Exchange is, that it is not one of the earning functions of a bank, but merely represents what it would cost to actually transfer the money from one point to another. In most cases it is only a transfer of credit and during normal times the premium or discount on Domestic Exchange is very slight. In most Clearing-House cities the cost of exchange is definitely settled by the Clearing-House rules; the ratio of what exchange costs a bank, and what a bank has to pay for exchange is usually in the bank's favor.

The analysis of an account after any direct elements of cost were charged directly, would appear like this: In the first place you have the general daily average balance; this is the average balance as shown by the ledger. It is necessary to reduce this average by the average amount of cash that has already been credited up, but is continually outstanding in the process of collection; the remainder of the average balance thus reduced would have to be further reduced by the percentage of reserve that a bank is required, either by the National or State law, to keep idle in the vault. The final result is the available loanable balance with which a bank has to do business. This available balance at the average earning rate of interest will be the amount the account would earn. To this amount earned must be added the amount of exchange earned by the account. The two added together would give the total earning capacity of the account for the period under consideration.

On the other side of the analysis would appear the daily average balances at the unit of cost per dollar for administration, the number of items handled in each department at the unit of cost for each class of items, the amount of interest paid to an

account on its net average balance, and the amount of exchange paid for handling the out-of-town items for the account. All the costs to be added. The difference between the two sides of the analysis would show what an account earned or cost during the period.

In all banks there are a number of accounts having some peculiar cost or earning feature attached to them by reason of which they could not be considered in a class with any other account; such accounts would have to be analyzed separately. It would be impossible to analyze each account separately, however, therefore, the accounts must be considered as a class or classes, or in groups.

In closing it might be well to emphasize two points; uniformity and publicity. Regarding the idea of uniformity there is the example set by Comptroller Murray. Mr. Murray is causing to be established in all National Banks a uniform method of bookkeeping, in order that the Bank Examiner may make a thorough investigation of the affairs of the National Banks, and be able to submit to the departments an intelligent report. There are numerous methods of cost accounting now in use in the different parts of the country, as there is a uniform object in cost accounting, so should there be some uniform method in cost accounting. Where an account is of no value to one bank, as shown by an accurate analysis, that account can be of little value to any other bank.

Finally the idea of publicity is one worth developing. Banks as a rule are very conservative. They are reluctant to permit their customers and depositors to believe that accounts cost money to handle, that a bank has very heavy fixed charges, which must be paid for out of the earning capacity of the accounts. The majority of depositors fail to recognize this fact.

H. N. GRUT,

Continental and Commercial National Bank of Chicago.

Before Mr. Ensell spoke I talked with him, and believing that there are two very important functions in analysis, it was agreed between us that he, in his talk, would cover, to a greater extent, the ascertaining of cost or the cost accounting feature of analysis in banking, and I am going to take the liberty of trying to give you gentlemen the benefit of my experience in making actual adjustments, as the result of analysis.

Now there is one statement that was made by a very prominent man that has always left a lasting impression upon me; I refer to the late Professor Monahan, to whom I have listened on several different occasions, and who was at one time the government statistician at Washington. He said there were three kinds of liars—liars, damn liars and statisticians—and I have always felt that the analysis man, while a statistician, must not be included in that category. In my opinion the analysis department should be a department of conservation. By that I mean the department should compile its findings in the most thorough manner to determine the truth, always realizing that endeavoring to fool the other fellow invariably results in fooling yourself. My experience has been, in my own bank, and from my observation of other banks, that there are a great many statistics compiled that are not used, and, acting upon that theory, it has been the policy in the institution which I represent not to attempt to place all of its accounts under analysis, but to endeavor, from our knowledge of the banking business and bank-accounts, to determine which of the accounts require analysis, and which do not; and I venture the assertion that the majority of bank men, both officials and men of experience, can, to a reasonable degree of accuracy, select those accounts on which the probability of a small margin of profit, or even a loss should exist. Now, then, if that is the case, what should be the important things for us to remember in this work? It has been said to me, by men who conduct diplomatic correspondence, that

the secret of successful correspondence is to anticipate the effect of your letter on the man at the other end, and I believe that is true. Now, then, speaking for, we will say, or looking toward the adjustment of an arrangement that has proven unsatisfactory, it seems to me—and I am frank to say that we have been very successful in our endeavors in this direction—it seems to me that the detail into which we can go with the construction or presentation of what we find, is by long odds the most important part of the work. To better illustrate that I will say this: We will take any account, irrespective of its activity or inactivity, but, for example, we will say a very active account, we will say that it is an account that carries a daily average balance of \$250,000, and sends \$500,000 worth of transit business per month. By a short method of figuring items in transit three days, and thirty days to a month, will mean that there will be \$50,000 outstanding, or in process of collection, every day. Now, suppose that you render a statement to the depositor and say: "Your daily average balance with us was \$250,000; you sent us \$750,000 worth of items on Chicago, \$75,000 worth of items on New York, and \$500,000 worth of transit items; the latter cost us \$300 in exchange and were outstanding three days, and we regret to advise you our analysis shows we have sustained an actual loss."

I use this illustration because I have seen a number of card files covering analysis records that are posted up from month to month, and they usually include the following figures: Volume of out-of-town items, exchange cost, interest paid, average ledger balance, average loanable balance, loaning rate, interest, cost of administration, and profit and loss. Now, I contend that submitting figures covering each of the above items which would complete an analysis, is just going half-way. In other words, your figures have not been illustrated—you show the result, but do not show the cause—and while your figures may be accurate, and your position just, the man at the other end may not be as familiar with the economic features of banking as you are, and the fact that you are showing only cold figures may make him doubtful of their correctness, and therefore your report is not forceful. Now, let us submit our report on this account as follows:

"Dear Mr. Banker: We have made a very careful analysis of your account for the past six months, and regret very much to advise you the results show we are sustaining an actual loss of blank dollars monthly, and, in order that you may know exactly how your account has operated during the period of our analysis, we submit the following:

Daily average ledger balance 6 months.....	\$250,000
Daily average loanable balance.....	150,000
Chicago items .....	\$750,000
N. Y. items .....	75,000
Out-of-town items .....	500,000

outstanding on an average of three days, being equivalent to \$50,000 daily, of your ledger balance, represented by funds in process of collection. In addition, as you know, we are obliged to hold 25 per cent. of the remainder, or \$50,000 in cash, as reserve, leaving \$150,000, or 60 per cent. of your balance appearing on our books available for loaning or investment. Your out-of-town items were divided as follows:

\$250,000	for points in Illinois, Indiana, Iowa, collected at par;
100,000	for points in Wisconsin and Michigan, cost \$100 in exchange.
50,000	Minneapolis and Saint Paul, cost \$50 in exchange.
25,000	Spokane, Washington, cost \$35 in exchange.
25,000	Omaha and Lincoln, cost \$25 in exchange.
50,000	Miscellaneous, Colo., cost \$90 in exchange.

\$500,000 Total. Cost \$300 in exchange, and so on, giving every detail at your command. And I know you gentlemen will agree with me when I say that the more detail you have, the more comparisons you can show, the more favorable is the possibility of a satisfactory adjustment.



Now, let us analyze the two different methods of constructing this report and presenting your case to the other fellow. In the first example I spoke of, a letter has been written, a card enclosed containing only figures. It is up to the other fellow to either take your figures and accept the proposition you submit in your letter to correct the account, or he must endeavor to find out what the particular items are that have caused you to bring the matter to his attention.

Note the difference in the second example: You have given him your story illustrated; you have placed in his hands levers; you have given him information which in all probability is not in his immediate possession, at least it is safe to say if he does possess it, it is not in as concise form as you have given it to him. The point I am endeavoring to bring out is this, generally speaking, the various collecting banks receive their business from comparatively few sources—that is to say, for instance, if Mr. Downey's bank sent one of its correspondents their business for Iowa, Kansas and Nebraska, it is safe to say that the business for each particular State, or particular territory, is received from probably two or three of his customers. Now, then, let us place ourselves in the position of the banker to whom we have submitted the report as shown in my second example: He reads the letter probably two or three times, then he starts to digest the problem itself. First of all, a good banker and a good business man, not only realizes, but desires that his business relations should permit of mutual profit. He has been with you for a number of years; he is as reluctant to sever his connection with your bank, as you are anxious to retain his account. He begins to separate your detail and finds that he can relieve you of his Colorado business and send it elsewhere, or, probably his Minneapolis and Saint Paul items, etc., so that by a process of elimination he can adjust his account with you, permitting the margin of profit to which you are entitled in return for services rendered, without any serious inconvenience to his bank.

To emphasize this point: We had a very large bank account that was partly on a reciprocal basis, and had done business with us for many years. We made a very careful analysis of this account, based on a year's business, and it developed that an adjustment of the arrangement under which the account was being handled was very necessary. We placed the matter before them, offering them a choice of three distinct propositions to correct the account. They did not accept any of them, but offered one in compromise. Well, a careful analysis on the basis of their proposition, showed the account would still be unprofitable. We valued the account. We wanted to retain it, and on a profitable basis. Finally, we inquired if they could relieve us of their items for two cities. This they readily agreed to do, with the result that a very satisfactory basis of adjustment was reached. Moral: If we did not have the detailed division of their business, we could not have submitted the proposition.

Another point in presenting your findings for argument: Oftentimes you will find that a comparison in percentages will give you the very best kind of material, to add favor to your argument. As an illustration, say you had an account carrying a balance averaging \$10,000. Say you paid \$15 per month in interest, and absorbed \$12.50 monthly in exchange. Add these two amounts and multiply by twelve, and you find you paid \$330, or the equivalent of 3.1-3 per cent. on \$10,000, or 4.4 per cent. on a possible loaning balance of \$7,500, etc. This I consider an important feature from the standpoint of construction.

All adjustments should be finally made with a clause providing for a sliding scale, so that as the cost end of the account is increased, the balance, or earning end must be increased in like proportion. This will make the arrangement entered into self-adjusting, and is absolutely fair to both banks.

I am of the opinion that it is very important to have the daily balances of all accounts examined at regular intervals, to determine if they are normal, and if a decline is noticed and continues for any length of time, an investigation should be made to

ascertain the cause. This feature can be followed with splendid results. If, following an investigation, you find that a decrease was due to natural causes, in the form of a heavy demand locally upon your correspondent bank, you have gained information. If, on the other hand, you find the loss of an account due to a break in your service, you can correct it and change the loss into an asset by using the cause to prevent the loss of another and so on. This practice can be carefully and systematically applied throughout your institution, and I feel safe in saying you will be very agreeably surprised with the result, which not only tends towards economy, but is a great help towards conserving your business—in other words, retaining your old friends on a satisfied basis.

It is also important to examine the draft registers, which will tell you how the balances with you are being transferred, and this will be found especially important with such of your individual accounts as are made up of firms with home offices in other cities. It has been found that an ambitious local manager is sometimes inclined to get his funds to the home office before you can actually get them "home" to your bank. And, in general, this work will give a line on the manner in which funds deposited with you are being turned.

In conclusion, gentlemen, let us bear in mind that the up-to-date banker must be a broad-gauged man; that it is the little things in banking that are big; that we can systematically profit by our errors, and, lastly, that profits cannot be determined from the balances maintained, but from the character of the deposits creating them.

**RAYMOND B. COX,**

First National Bank of Baltimore.

Answering the inquiry relative to overhead charges, let us look at the profit and loss account of an average National bank, wherein is told in the final chapter the financial success or failure of its operations. This account is, of course, credited with all income or profits and charged with all costs or expenses, but we need only consider those which are contributed to by the individual or bank depositor. The account is credited with discount and interest received from loans and investments; interest received from reserve agents; exchange received from depositors. It is charged with exchange paid by banks for the collection of checks deposited, interest paid depositors on balances, salaries of officers and general clerks, salaries of clerks in specific positions, general operating expenses, expenses of specific positions or departments. The careful bankers must not be satisfied with having a creditable showing in this account, but they must know that each depositor contributes more to the credit side than he does to the debit side. In the analysis of these costs all analyses must be based upon previous transactions, inasmuch as that is the only basis on which you may work. In determining the overhead charges there are two systems that are generally in vogue; one on a basis of items handled, and one on a basis of balances; and the suggestion herein is that the expenses of officers and general clerks and operating expenses, such as heat and light, should be charged to the account on the basis of the balances and the expenses of the specific department, such as receiving teller, transit department, or the bookkeepers' department, should be charged to the account on the basis of the number of items handled.

**W. A. NICKERT**

Eighth National Bank of Philadelphia

As we have been enlightened on the question of the way cost accounting is handled principally in the larger banks in the large cities, I thought perhaps a few points from another angle might be of interest. I am connected with one of the smaller banks in one of the large cities, which bank does a strictly commercial business, and all our analysis has been in connection with our individual depositors. Our cashier, C. B. Cooke, has given me a very brief

article, based on our own experience, which with your indulgence I would like to read:

"The past decade has witnessed a most remarkable advance along economic lines in all branches of industrial activity. Evidently this has followed as a natural sequence upon the strife of modern commercialism since it is only by the closest study of the details of economic production and systematic management that present-day competition may be successfully met.

It may be wondered wherein lies the connection between the industrial establishment with its tangible input and output and the banking house which ostensibly has neither the one nor the other. However, a little investigation will reveal factors in banking transactions which are, in a way, analogous to the more concrete production of the manufacturer, and through an analysis of which an idea may be gained as to the relative value of the various accounts handled. In other words, the mere size of an account is no real measure of its worth to the bank, other considerations, such as the amount and period of time over which the balance is deposited, the number of items involved in its handling, the amount in process of collection and the actual expenditure for exchange and interest paid on the balance, if any, forming the critical test for its classification as a profit or a loss.

The problem, therefore, reduces to ascertaining the unit cost of all items that pass through the bank and thereafter by simple computation, determining the ultimate value of any account which may be open to question. The following method, successfully used in a certain bank, is offered as one channel leading to the information sought, and may confirm a result obtained along some other line.

Classify all items handled by the bank as follows:

Items Through Receiving Teller.

Receiving Department:

1. Deposit tickets.
2. Second Teller checks, or checks on our own bank.
3. Clearing House checks.
4. Checks collected by Runners.

Transit Department:

5. Trust Company checks collected by mail.
6. Foreign checks collected by mail.
7. New York checks collected by mail.
8. Collection items, notes and drafts.

Items Through Paying Teller.

Checks paid over counter.

Checks paid through Clearing House.

The first calculation to be made includes a determination of the cost of clerical work based on the actual time used in handling the different classes of items in their passage through the bank. A fairly close estimate of this may be obtained by simple observation conducted by the individual members of the organization, and obviously the longer the period over which such observations are made the more dependable will be the final result. For instance, it was determined by careful and deliberate measurement that the receipt and proper entrance of deposit tickets in the depositor's pass book consumed 10 per cent. of the Receiving Teller's time, and likewise their subsequent notation on a scratcher required 5 per cent. of an assistant's time. Similarly, it was found that each of the bookkeeper's assistants used 25 per cent. of their time in sorting out and entering, the bookkeepers themselves consuming 20 per cent. of their time in posting.

Each class of items as above listed may be analyzed in this way, the time required for handling each being apportioned to the different items covered and the relative clerical costs involved determined. Thus each employee's time may be accounted for up to 100 per cent. of his salary. In some instances, however, owing to the difficulty in classifying the incidental duties necessary in some of the bank's departments, it may be impossible to account for the entire 100 per cent. Any such deficiency may be reasonably charged to overhead expense, which in turn should be distributed pro rata, or according to the number of items of each class handled.

A table was compiled in accordance with the

method above outlined and shows the actual distribution of each employee's full time and salary.

An analysis of the total yearly expense, \$55,706.34, has shown that of this amount the sum of \$27,550.76, which includes all salaries excepting that of the officers, may be properly charged to the physical cost of handling accounts. Officers' salaries and, say, about 50 per cent. of the value of real estate, also a proportion of running expense should be charged to investment of funds and administration. After ascertaining and segregating the costs of clerical work, as outlined, there is a balance of expense, which might be termed the overhead charges, to be apportioned equally based on the total number of items involved. The total amount chargeable to cost of handling being \$27,550.76, the cost of clerical work, \$12,422, should be deducted, as determined on the above percentage basis. There remains then \$15,108.76, less an allowance of 25 per cent. (\$3,777.19) for dormant accounts to be distributed as overhead among the various items.

(In explanation of the dormant account allowance, it is evident that these accounts should in justice to the active ones bear a fair share of the expense for services rendered, that is, safety of funds, bookkeeper's services, maintenance of banking quarters, etc.)

The net sum of \$11,331.57 being accepted as the balance of expense to be distributed, it is necessary in the final step to reduce all items to a common unit and obviously this is the number of times they are handled in passing through the bank. Therefore, by multiplying the number of items in each class by the number of times handled we obtain as a result the total number of times all items were handled and a table was made accordingly.

The annual overhead of \$11,331.57 being equivalent to about \$950 per month, the period on which Table II. is based, the fixed cost for each handling of an item has been determined at 31-100 cents from which the fixed cost per item may be computed. Adding the unit clerical labor cost to the latter the total cost per item is obtained."

In this plan we have not taken into consideration the handling of currency, assuming for the present that currency is deposited and withdrawn on a fairly even basis. While this is not true of all accounts, it is so in most cases, and I hope to get some light on this phase of the question this afternoon.

L. W. JENKINS

Farmers and Merchants National Bank of Baltimore

After listening to these gentlemen from New York and Chicago, I feel very much like the school boy who generally occupies the rear seat in his class. To my mind the subject of overhead charges, in the analysis of accounts, is divided into what we might term three classes; that is to say, a general cost. For instance, every item of expense, it doesn't make any difference what that expense is, it all goes into the same account, and determine what proportion of the general expenses each expense bears to the amount of deposits; second, carefully determine which of these expenses may be charged to separate departments—thereby getting the exact amount each department is costing. It does not make any difference whether a bank sends you a hundred items, fifty items, sixty items or ten, they all go in together. You cannot positively say that that account, because it sends you sixty items, costs you more than the one that sends the ten, because one item of expense will even up the other. After you arrive at these figures it is not a hard matter to take any analysis sheet and see at a glance just what kind of an account you have and if any loss is being incurred the remedy will suggest itself. Any bank that has an outside man soliciting must be in a position to furnish that representative with a full and comprehensive set of statistics so that he may be able to talk intelligently to any bank officers, no matter where he may be. Possibly I haven't quite made clear to you exactly what I mean, but the point I want to make is this. I do not think it necessary to go into how long it takes this man to do the work or that man to do the work

or the other man to do the work. We have all got to have presidents, cashiers and assistant cashiers and clerks of every description. The bank which can reduce those expenses and get out more business than the bank with the higher expenses is going to get the accounts because they can make a more profitable arrangement. And I think that the idea of overhead costs in figuring on a bank account, is to get those expenses down just as low as you possibly can and then go out in competition with banks that cannot do as well as you can and you are bound to get the business, and the more business you get the less it is going to cost.

**CHARLES T. CONWAY**  
**Old Colony Trust Company of Boston**

In a large bank occasions are always arising when it is of great importance to know instantly what sort of an account a certain depositor has carried, what relatives of his have accounts or are connected in any other way with the bank, or what new business he may have introduced. Ordinarily the first step to find this out would probably be to inquire of the bookkeeper who has the account on his ledger. The bookkeeper may be able to give only a guess as to the average balance for a month or two, unless he takes the time to make an investigation. Even if he had been running the account for some time he could probably give only a limited amount of information offhand.

Various schemes have been devised to overcome the above difficulty, each adapted to the particular needs of the bank, varying according to the class of accounts carried.

A plan that has worked successfully in banks having ten to twenty-five thousand or more accounts consists of a file of Average Cards, showing in addition to the average monthly balance, date the account was opened, by whom introduced, business, whether box-renter, whether borrower, what new business has been introduced, etc. These cards should be ruled so as to cover a long period of years and soon become an invaluable instantaneous reference file.

The bookkeepers may estimate average balances on accounts which are not particularly active by arranging ledger pages, so that balances for one day in each week appear. By having these four columns side by side, it is merely a quick mental process to estimate an average for these four days. At first thought this does not seem to be a very accurate or reliable average, having considered only one day in each week of the month. But seeing from six months to five or more years' record on this basis one has an extraordinarily accurate estimate of the value of that account, and this with a minimum amount of work on the part of the bookkeeper or clerk to obtain it. There is no way in which a good estimate of accounts can be gathered from month to month with so little work.

Banks having a large number of individual accounts always have a few depositors who abuse their privileges by overdrawing or drawing against uncollected funds and a number of checks are presented each day which have to be passed upon by an officer for decision as to whether they shall be paid or returned. Much assistance, in making this decision, may be obtained from the Average Card file.

Every bank at one time or another discusses the question of how small an account it can carry without incurring a loss, and after making investigation into the expense of running its accounts—decides upon some definite policy.

Some times the growth of the bank has been very rapid through obtaining new business and little time has been given to following the character of accounts after the moment of taking them. In other cases the bank may be the result of consolidations and in this way has acquired a large number of accounts, the exact character of which the officers are not entirely familiar with.

When a policy is established there must be a way of finding out which accounts are falling below the standard—in order that proper action may be taken. The average balance cards naturally give the exact information necessary to proceed.

Greatest caution should be used in this matter

as a depositor who has a very small balance himself may be intimately associated with much other very good business of the bank. Such a depositor would obviously be greatly offended if asked to increase his balance because his account was too small to pay its expense.

**W. A. BULKLEY**

**Assistant Cashier Fourth Street National Bank of Philadelphia**

(Originally Published in the Banking Law Journal—Re-written for The American Institute of Banking.)

In view of the widespread interest in bank cost accounting at the present time, a number of articles bearing on the subject have recently appeared in banking magazines.

Some systems are based upon the net profits earned by a bank in a given month, apportioned to the deposits. This necessitates an analysis of the expense accounts and the profit accounts each month, because the earning power of the loans naturally varies with the rate per cent. on money. For this reason a system based upon the net profits of a bank for a period in the past, say, for the past six months, cannot be properly used for the present analysis of an account if the rate per cent. on money has increased or decreased.

The cost system that should appeal to bankers is one, by the use of which, it will not be necessary to make an analysis more than once in, say, two years. Such a method should necessitate a minimum amount of effort, as the cost units once found are practically permanent.

The following described method is based entirely upon the expenses of the bank, which are separated into two classes; those caused by lending funds, and those caused by the activity of accounts.

If all of the expense caused by an account for one month be deducted from its possible gross earning capacity, based on the average loanable rate of funds for the month, the result will be the net profit.

With the method herein suggested, it will be necessary to have an analysis card for each account, with space for twelve months' figures. The card should show for each month the average ledger balance, the average amount of out-of-town items in the process of collection, the net working balance in bank, the amount of interest paid, the cash cost of collecting out-of-town items. In the latter column should be entered in red ink the cost of special check books. A column should be provided for the cost of administration based upon the number of items handled for the account in a given month.

With the data on the analysis card, the profit on the account can be readily ascertained by using the average rate per cent. on loans and investments for the month.

**Illustration:** Suppose the data to be as follows: Average ledger balance \$10,000, average amount outstanding \$2,500, net working balance \$7,500, interest paid \$16.43 cash cost of collecting out-of-town items (exchange paid) \$3.50, average loanable rate on loans and investments 4.5 per cent. (approximated).

Average balance .....	\$10,000.00
Outstanding .....	2,500.00
<b>Net working balance .....</b>	<b>\$7,500.00</b>
Income on three-fourths of this amount, one-fourth in reserve (reserve city basis) at 4.5 per cent. for one month.....	\$21.08
Income from reserve agents at 2 per cent. on one-eighth of the amount.....	1.54
	<hr/>
Less interest paid .....	\$16.43
Exchange paid .....	3.50
	<hr/>
<b>Profit for month .....</b>	<b>19.93</b>
	<hr/>
	<b>\$2.69</b>

If a bank collects all of its out-of-town items through its reserve agents at par, it is under no expense in this respect, except for postage and station-

ery, and the ordinary analysis referred to above is unnecessary. Where, however, a bank is under expense in collecting any out-of-town items deposited, either in exchange charges or in time outstanding before returns are received, such items should be subjected to an analysis. As nearly all banks make some attempt at an analysis covering out-of-town business, it will not be necessary to go into further details.

If a bank's accounts were all inactive, the only employes necessary would be the officials required by law, clerks for the discount, collateral and credit departments, together with sufficient office-room for their accommodation, a board-room, a vault and space for bookkeeping. The items of postage and stationery would not be worth consideration, and the other expenses enumerated above would be properly chargeable to the income on loans and investments, because it is incurred in the making and caring for loans. In addition to the expense of making and caring for loans, the handling of cash and time collections deposited, deposit tickets, cash and collection letters, the currency received and paid, and the checks and drafts paid and charged to accounts cause the expenses chargeable to administration.

The cost of administration is composed of two elements: A, the expense of lending the money deposited; B, the expense caused by the activity of accounts. If the proportionate amount of the expense of administration be ascertained and added to the cost shown by the usual analysis, the worth of every account is known.

In order to ascertain the proportionate amount of expense chargeable to A and B, it will be necessary to carefully analyze the expense account for a period of six months, and then take the average amount for one month. If some expenses are paid annually, only one-half of such sums may be included; and if any expenses are heavier in one semi-annual period than the other, they should be analyzed for one year and then averaged for one month.

An approximation should be made of the percentage of the floor space used by the several departments to the total space occupied, to ascertain the proportionate cost of each department for rental. If the bank own its building, the amount at which it is carried on the books, taken at the average loanable rate on money during the preceding six months, should be used for rental cost, taking one month's rental as a basis. Banks carrying on their books the amount expended for furniture and fixtures should figure the interest on such sum for one month. If this has been absorbed in the expense account, the amount may be approximated and the interest for one month ascertained.

Expenditures for new typewriters, listing and adding machines and other labor-saving devices, should not be included; but the yearly cost (for one month) of such machines should be entered under the salaries of the departments using them. The yearly cost is ascertained by taking the original price, less the rebate allowed when it is exchanged for a new one, and dividing the amount by the number of years the machine can be used.

A.—As it is impossible to make and care for loans without incurring some expense, it is essential, for the purposes of analysis, to know the cost of keeping funds in the form of loans and investments. To ascertain this cost it will be necessary to bring together the expenses of the officials who pass upon loans and credits, and the discount, collateral and credit departments for salaries, surety bonds, rental for floor space, stenographic work, luncheons, light, heat, telegrams, telephone service, expressage, postage, stationery and sundries. To this amount should be added: Retaining fee to counsel, Government Excise Tax, rental for floor space occupied by the board-room, vault and corridor space leading to the quarters of the officials who pass upon loans and credits, compensation to directors (if any), subscriptions to various trade organizations, credit bureaus, etc. The total is the expense of making and taking care of loans for one month.

After deducting the various expenses mentioned above, the following are found to be chargeable to the activity of accounts: Rental for space occupied by departments handling items and quarters of the

Cashier, Assistant Cashier, Stenographers and Audit Departments, lobby space used by customers leading to the various departments, stationery closets, letter files and lockers; salaries of officers in charge of administration, salaries of departments handling items, and, in addition, salaries of Audit Department, stenographers, telegraph clerk, telephone operator, day and night watchmen, letter filing clerk, messengers and porters; Clearing House expenses, luncheons; expense for postage, stationery, light, heat, premium on surety bonds of officials and clerks named above, telephone service, telegrams, expressage and sundries.

As the analysis card shows the amounts of interest and exchange paid, and cost of special check books, these expenses should not be included. The following named expenses are not chargeable to either A or B: State Tax; properly chargeable to income derived from the capital stock. Semi-annual duty on circulation; expressage on circulation, and other expenses on circulation, all of which are properly chargeable to income received on United States Government bonds.

The cost of Clearing House, Government and other examinations should be approximated between A and B.

Whether or not certain expenses are chargeable to A or B is certainly a proper subject for careful consideration and discussion, and in formulating a system for ascertaining cost-units every bank must decide them for itself. The following have not been included under either A or B: Cost of Analysis Department; advertising, and postage used in connection therewith; salary and expenses of traveling man; losses on loans and fees to counsel (other than the annual retainer).

A.—It is suggested that the expense incurred in making and taking care of loans be considered as a certain percentage of the average loanable rate on funds, and that when this percentage is ascertained it be deducted from the rate, using the reduced rate in computing the profit on an account.

To find the rate per cent. on loans representing the expense of making and caring for loans, ascertain the average daily balance of loans and investments, not including United States bonds and premium on United States bonds for a period of six months. Multiply the loan expense by 12 (to get the yearly expense). Divide this amount by the average daily amount of loans and investments. The result will be the rate per cent. to be deducted from the average loanable rate for funds.

Illustration: Suppose the average loanable rate for funds for a given month to be 5.25 per cent. and that for the past six months the balance of loans and investments, not including United States bonds and premium on United States bonds, averaged \$18,978,000. Expense incurred in lending funds (for one month) is \$3,352.78. Multiplying this amount by twelve (to get the yearly expense) gives \$40,233. Dividing this amount by \$18,978,000 gives .00212 or .212 per cent.; subtracting .212 per cent. from the rate for funds, 5.25 per cent., gives 5.038 per cent., which, therefore, should be used as the net loanable rate for funds in computing the profit on accounts.

This formula apportions the expense on the average amount of loans and investments and therefore gives to the capital stock, surplus and net profits, which are, of course in the form of loans and investments, their proportionate amount of the expense incurred.

B.—To ascertain the cost units for the various classes of items passing through the bank, it will be necessary to count the number of items received by the bank for one month from each individual and bank account, and the number of checks and drafts paid and charged to each account.

The analysis of the expense account should embrace a thorough examination of the amount expended for stationery, so as to apportion it among the several departments handling items. This amount goes into the first element of cost (see First Cost). Stationery used by officials and other departments in which items are not handled goes into the second element (see Second Cost).

As certain expenses are incurred because of in-

dividual depositors alone, it is suggested, if extreme accuracy be desired, that they be apportioned only to this class of depositors, on the basis of the number of items handled for each account. In this class of expenses may be mentioned: Rental of lobby space used by customers in front of Receiving, Paying and other departments handling business for individual depositors only; salaries of clerks at counters in these departments; cost of stock check-books, deposit-tickets and pass-books.

When the number of items handled during the month has been ascertained, the record will show the number deposited, by each individual and bank account, of each of the following-mentioned items: City collections, out-of-town collections, city Clearing-House and runners' items, out-of-town cash items, and, in addition, the number of checks and drafts paid and charged to each individual and bank account. In the case of city items (both cash and time) it would be well to count separately the Clearing House items, trust company items, and other items requiring presentation by the Runners.

As the figures for any one month will, in the majority of cases, be a fair index to the average number of items handled for an account, the number of each kind of items should be entered on the analysis cards for reference. It is hardly practicable to approximate the cost of handling coin and currency, and it would be well to assume that every account makes deposits and withdrawals thereof in fair proportion to the number of items deposited. Due allowance should be made, of course, for accounts that are exceptions to this general rule. As the number of deposit-tickets and letters received must necessarily be much smaller than the number of items which accompany them, it would likewise be well not to compute the cost of these separately, but to let it go into the cost of handling the items.

If it be desired to know the cost of issuing drafts drawn on Reserve Agents and other out-of-town correspondents, it will be necessary to divide the salary of the exchange clerk, together with the cost of the drafts, advices and postage thereon, into the number issued during the month. Should the exchange clerk have other duties, approximate the time given to writing drafts and advices.

The cost of handling time collections is considerably greater than that of cash items, because of the complete record that has to be made of the former, the separate entries that have to be made of each time collection in the bookkeeping department, tracing, advising payment and other details. In the case of city collections there is an additional expense for postage on notices and the cost of telephone service, which materially increases the cost.

It will be found that it costs more to handle items deposited by individuals than by banks, that out-of-town cash items are more expensive than Clearing-House items; that trust company items are more expensive than Clearing-House items; that other Runners' items are much more expensive than trust company items; that the drafts paid and charged to accounts are considerably more expensive than out-of-town cash items, and that time items are from six to eight times as expensive as out-of-town cash items.

In making up the cost unit it must be borne in mind that it consists of five elements: First, the expenses of the several departments that handle the items; Second, the expenses of the officials and clerks who do not directly handle the items, and sundry other expenses; Third, Clearing-House expenses; Fourth postage; and Fifth, cost of telephone service.

**First Cost.**—In order to ascertain the First Cost the following departments must be considered, because they directly take care of the items: Paying, Receiving and Note Tellers, Runners, Transit, Out-of-town Collection, City Collection, Individual Ledger and Bank Ledger.

From the analysis already made of the expense account the cost of each of these departments has been ascertained for salaries, premiums on surety bonds, rental of adding and listing machines and typewriters, stationery and rent. It will not be necessary to ascertain the cost per item for these sep-

arately, as by adding them the net result is obtained by a single operation.

Make a record of the number of items handled by each department. As all items are handled more than once, it is necessary to make a record of them in every department through which they pass; and, if they are handled twice in any department, the number so rehandled must be set down twice. This must be done so that the class of items handled twice may bear its proportionate amount of expense to the department. Divide the total expense of each department by the number of items handled. The result will be the cost in the department for each separate item. The runners collect items drawn on trust companies, etc., not represented in the Clearing-House, and other items drawn on individuals, firms and corporations. As these latter items take up a considerable portion of the runners' time, an approximation of the time given to handling such items should be made so that the proper cost unit for this class can be ascertained.

The total cost of each class of items is made up of the expense incurred in the handling of them in the several departments through which they pass. It is necessary, therefore, to multiply the cost unit in each department by the number of items in each class which it has handled during the month. When this has been done the several costs of each class of items are to be brought together to ascertain the total cost. Divide the total cost by the total number of items in the class to ascertain the cost of each separate item in the particular case.

**Illustration:** Suppose the Receiving Department handles during the month the following: Deposited by individuals, 59,866 Clearing-House items, 70,949 Runners' items; 113,517 out-of-town cash items. Deposited by banks: 53,185 Clearing-House items, 49,233 Runners' items; 110,527 out-of-town cash items. Total number of items handled, 451,282. The Clearing-House items are taken care of in the Receiving Department. This brings the total number of items handled up to 558,333 (451,282 plus 53,866 plus 53,185). If the salaries paid to this department amount to \$765, the premium on surety bonds to \$32, the rental value of adding machines to \$56, the rental value of floor space to \$103 and the stationery cost of \$32, the total expense is \$988. Dividing the expense by 558,333 gives the cost of each item, namely, \$0.001769. Multiplying the number of items in each class by the cost unit gives the cost of each class in the department as follows: Deposited by individuals, Clearing-House items, \$95; Runners' items, \$126; extra cost of handling Clearing-House items, \$95; out-of-town cash items, \$201. Deposited by banks: Clearing-House items, \$94; Runners' items, \$87; extra cost of handling Clearing House items, \$94; out-of-town cash items, \$196. Total, \$988. It will be noticed that the cost of the Clearing-House items is made up of the cost of the first handling and the second handling. The analysis of the Runners' Department will give the cost of handling the Runners' items in that department. The analysis of the Transit Department will give the cost of handling the out-of-town items in that department. As an illustration, the cost of out-of-town items deposited by individuals will be taken not only for the first cost, but for the several costs making up the total expense. Suppose the cost in the Transit Department is \$533. As the cost in the Receiving Department is \$201, the total cost is \$739 or \$0.00651 per item.

**Second Cost.**—To get the cost per item in this class divide the total number of items of all classes handled during the month into the total of the following expenses: Salaries of officials and clerks that do not directly handle the items, which will include salaries of the Audit Department, messengers, porters, day and night watchmen, stenographers, telegraph clerk and filing clerk, rental value of the executive offices, lobby, stenographers' and audit departments, letter files, lockers and stationery closets, rental value of adding, listing machines and typewriters; luncheons, light, heat, premium on surety bonds, telegrams, expressage, sundries and stationery used by officials and clerks that do not directly handle the items.

Suppose the cost per item to be \$0.006309.

Third Cost.—Clearing—House expenses should be apportioned to checks and drafts paid and charged to each account and to city items only. To get the cost per item, divide the Clearing—House expenses by the number of city cash and time items, and checks and drafts paid and charged to each account.

There is no expense for out-of-town items in the third cost.

Fourth Cost.—From the amount of postage properly chargeable to administration expenses, deduct the amount used by the City Collection and Runners' Departments in mailing notices concerning notes and drafts, which should be added to the cost of city collections and runners' items. Into the net amount of postage divide the number of out-of-town collections and out-of-town cash items handled. The result will be the cost per item for postage in these respective classes.

Suppose the cost of out-of-town cash items to be \$0.003049 per item.

Fifth Cost.—This embraces telephone service, including salary of operator. As the cost of out-of-town calls made for customers and correspondents is usually charged to their accounts, such part of the expense should be omitted. The remaining portion of cost of telephone service should be apportioned to city collections, city cash items and drafts and checks paid and charged to each account. Approximate the number of telephone calls made during the month in connection with city collections, runners' items and drafts and checks paid, and apportion the cost thereof to the respective classes of items. Apportion the remaining cost to city cash items. To get the cost per item, divide the number of items in the class into the cost of service.

There is no expense for out-of-town items in the fifth cost.

If it be determined to apportion to individual depositors alone the salaries of the clerks at the counters in the Receiving and Paying Tellers' Departments, the rental value of the lobby space used by customers and the cost of stock check-books, pass-books and deposit-tickets, there will be a cost per item for the expense.

Suppose the cost per item to be \$0.003187.

The five costs enumerated, and the extra cost noted above, should be brought together and the total will be the cost of handling each item in each class. Illustration: Cost of out-of-town items deposited by individuals.

First cost .....	\$0.006510
Second cost .....	0.006309
Third cost .....	0.
Fourth Cost .....	0.003049
Fifth cost .....	0.
Extra cost .....	0.003187
Total cost per item....	\$0.019055

To find the cost of an account for the month, multiply the number of items in each class handled by the proper cost unit and bring together. The total is the cost of administration for the account.

It is but fair to assume that most accounts deposit, on the average, about the same number of items every month, and for this reason it is not necessary to ascertain the administration expenses oftener than once every year or two. If there be a change in the character of the account, the Analysis Department should make a recount of the number of items handled. The same method can be used (with modifications, of course) by state banks and trust companies. In the case of trust companies, however, the analysis would apply to the banking department only.

While at first it may seem difficult to make an analysis on the lines outlined, it will be found upon examination that the procedure is not involved and will be very interesting and the results obtained of great importance to any bank, as the worth of each account will be definitely known.

WILLIAM A. DAY,

Savings Union Bank of San Francisco.

Brevity is the soul of wit. I won't take more than two or three minutes, and I only come here because I want to point out two items in two previous speakers' remarks. Mr. Bordwell, the chief clerk of the First National Bank in San Francisco, has written a book—the most comprehensive, I think, of any of those that have been written touching on the subject. I have read everything that I can get my hands on referring to cost accounting, from first pamphlets down to the last books that have been published, and in discussions with Mr. Bordwell we have come to the conclusion that we have—I don't mean to take the stand that I have collaborated with him in the book, but we have certainly discussed all the angles of cost accounting. Now, the first speaker, the gentleman from New York (Mr. Ensell) said these words: That it was impossible to reduce cost accounting to exactness. It is possible to reduce cost accounting to exactness if the office is properly systematized. If the departments are segregated, and if the general ledger accounts are kept completely you can get at the cost account in a bank. That is the first requirement. You cannot go into a disorganized bank and take up cost accounting, by whatever system you may, and arrive anywhere, for the simple reason that you haven't got the proper tools to work with. But if you go into an office and straighten out the departments and then follow that with a proper accountant you can reduce your cost to exactness and to figures. The other remark that I wanted to call your attention to was a statement by the gentleman from Chicago (Mr. Grut); he made the statement that say five per cent. is the earning rate of your loanable funds. It is at just that point in the discussion of cost accounting that men get off the track. He has no more right to say that five per cent. is the earning value of the loanable funds of his bank or of any other bank than to say it is ten or two per cent., because it is not five per cent. the year around; it fluctuates into the—I don't know how far you choose to reduce your figures. But the earning rate of all of the banks in all of the country is not five per cent., either any of the banks at any one time or any one bank all of the time. They fluctuate. Now, I will take Mr. Bordwell's sheet (referring to pamphlet entitled "The Analysis of a Bank Account"). I only take one sample of it because it is the one which shows me that it is possible to reduce to exactness your cost accounting. He takes the account of John Smith and from the average ledger balance deducts the outstanding clearing and the outstanding transit and from that result he deducts the required coin reserve, and he figures out then, in two columns, parallel, one the cost of the account and the other the income from the account and he takes the loanable funds of that account and figures them at the rate the loanable funds earned in his bank for the period in which the examination is being made. For instance, in May he may have a great quantity of funds and his earning rate may be low and the result will be different from October, when his funds are low and his balances are low. He takes his loanable funds and figures them at the actual earning rate for the loanable funds of the bank during the period for which the account is kept. He then takes the deposits and the clearing checks. There are so many clearing checks and the items in the clearing-house department, the salaries of the clerks, the stationery, the fees paid to the clearing-house committee, the clearing-house membership and all of the things directly chargeable to the clearing-house account are figures for the period over which the examination is being made for that month, and the number of checks which have passed through the clearing-house shows the exact cost of every check which was handled by his bank. When Mr. Smith comes up to the counter and discussing the account he is told, "You have cleared so many hundred checks in the clearing-house and it costs so many cents to clear your account,—that charge is correct. Now, as to the transit items, Mr. Smith, in your account, there are so many transit items and the cost of handling the transit items is so many dollars a month

or so much per item over the time which the account is analyzed. The other accounts amount to so much per check. In the paying department there were so many checks paid over the paying department,—the salaries of the paying department, the cost of the stationery and all of those things incidental to the paying department made it cost us two-and-a-fraction cents, or whatever it may be, to cash each check over the counter;” and so on through every department in the bank. “Then the transit exchange, you deposited so many dollars in transit items, the cost was so many dollars in your transit, and you have been charged directly the items; you have paid us in coin so many dollars on account of this transit exchange and, therefore, the difference between the two items that we didn’t charge you with and the amount that you have paid is charged to your account. It cost us that much to handle those accounts. The interest on the account current, we paid you during the month of August, was, during the period over which the account is being examined, so many dollars in interest on your account. Your eastern exchange”— Now, there is another point that comes right in here. In the item of eastern exchange in our city—I come from a little burg way out on the outskirts of civilization and we treat eastern exchange as a commodity; it might be pork and beans, but eastern exchange in lots of any size is offered at a premium or discount, and if the depositor had come to the counter and deposited New York items to the extent of \$10,000 it isn’t fair for us to take that item and charge interest for five days that this item is outstanding before we collect it, for the reason that had he taken that \$10,000 item to our exchange department and exchange had been at a premium of 5.10—it runs as high in San Francisco as 17½ cents—that is about as high as it gets. But suppose there is a premium on that \$10,000 item, he would then take from our exchange department the cashier’s check for the \$10,000 and the premium on that item and take it over to the receiving teller and get his credit for it immediately and no interest would be charged on the outstanding items. So we go on down through every item in the bank, and we come to what Mr. Bordwell designates here as the net marginal value of the account. That is to say, the account has been opened, the deposits have been taken into consideration, the loanable funds figured and the cost of handling each and every item that has gone through the account is figured in and “Mr. Smith, your account shows a profit of a dollar to us.” If Mr. Smith’s account shows a profit of a dollar to us it is a desirable account and we will keep it because the profit and loss account of the bank would be a dollar by losing Mr. Smith’s account, and if, on the other hand, it shows a cost of a dollar the profit and loss account of our bank would be a dollar more if Mr. Smith’s account were taken out. “Now, Mr. Smith, we ask you to increase your deposit to a point where it will yield a profit or we will ask you to close your account, for it is no longer profitable to take in the office”—unless there are some other considerations which come in. But upon the actual analysis of the account it shows either a profit or a loss after we get to the net marginal value and we decide to keep Mr. Smith’s account and there is a dollar profit in that account, we will keep that account. But his account carries a balance of a hundred thousand dollars and, therefore, there is where the overhead charges come in, the capital charges, if you please, I might have started in a little further back, but I didn’t. In the interest which is earned from the loanable funds the capital interest is not figured. Mr. Thomas, in his book on cost accounting in a bank, lays down the proposition that the capital of the bank, be it a hundred thousand or a hundred million, should earn six per cent. and that each account should be charged immediately with that portion of the six per cent. or of the amount which is necessary to go to make up capital dividend. He lays that down as a safe proposition. Upon this point I take issue with Mr. Thomas; that we have gone so far as to show that this man’s account is worth a dollar to us; therefore, it is desirable to keep. Never mind whether we have the capital of the bank or not, we are going to have that anyway, and this account comes to the counter to us, and we

are going to discuss it after a month or six months of handling and it shows a profit, so we will keep it. But we will say to Mr. Smith, “Your account carries a balance of a hundred thousand dollars, and therefore, the bank is entitled to a proportion of capital earnings on that account and your balance should be increased so many dollars in order to earn that profit which is due the bank. Therefore, make your account show us a net average profit.”

There is another point: Now Mr. Smith will come in and he will say, “Your figures are all wrong. It costs you so much to run your business. I can go across the street to the Seventh National Bank and they will be glad to take my account.” And there is just the point in putting on the brakes with this cost analysis—it is just the point at which it can overstep. That is the practical point. Competition is keen and I know banks in San Francisco, just as there are banks in every city in the country, who take accounts that are losing money. There is one bank in particular which is very ambitious and one of your Eastern manufacturers establishes a branch in San Francisco—this is the actual fact—and immediately four of the representatives of the largest banks in San Francisco call on Mr. Jones and say: “Mr. Jones, I am the assistant secretary of the best national bank in San Francisco. I am charmed to meet you. And we will be glad to handle your business.” Well, one man went down there from one of these banks and he said, “Now just a minute. You are the fourth man who has been here, and before we go any further in these transactions I will tell you what I will offer. I will offer two per cent. on my average balance, I will offer telegraphic New York Exchange at par, I will offer the collection of items, which will range all over this coast, at par, and my balance will amount to so many dollars. Now, can you touch it?” And he said, “No, I can’t. I bow myself out. And the only thing I can say is that the bank that made that offer to you will lose sixty dollars a month.” And the gentleman from the East sits up and says, “Well, that isn’t my funeral, that is the bank’s.” But there is a bank in town—that was an actual occurrence. That is what is going on every day. And I don’t believe that human nature is confined to San Francisco: I believe it is the same all over the country. And that is just the point on which this analysis goes too far, because “The Analysis of a Bank Account” as it is put down in this book, and it is an actual analysis and it is a correct analysis, is just ahead of the times, and sometimes a man makes as great a mistake being ahead of his time as he does in being behind it.

#### J. T. A. HOSBACK

##### Fourth Street National Bank of Philadelphia

A very striking point about this discussion is the variety of opinions which have been given by men representing widely-separated sections of the country, showing the necessity for variation in the form of analysis to suit the requirements of the particular locality.

In Philadelphia, for example, we do not have to contend with the premium on exchange, as is the case in San Francisco, nor is there in force with us any rule for charging exchange at any rate on the foreign items which are collected by Philadelphia banks. All that Philadelphia has done is to defer (beginning with the first of September) the allowance of interest on foreign items for a portion of the time required to get returns therefor.

There seems to be a little confusion in the minds of some of the speakers regarding the regular form of analysis and the newer subject of overhead charges.

The ordinary analysis has been in use many years—for over eighteen years by the bank with which I am connected. The subject was not a popular one at that time. I believe that Mr. Cannon, of the Fourth National Bank of New York, was one of the pioneers in this matter, and to-day nearly every large bank in the collecting centres is analyzing in some form or other. It has become necessary by changed conditions.

Our form of analysis comprehends the usual items necessary for arriving at the desired result, and the

figures are carried on cards covering a period of two years. We do not take average costs for States or sections because we feel that to do so would be misleading to us as soon as a change occurs in the character of the business. In some of the Southern States there are points which charge 1-20 of one per cent, while others charge 1-8 and even more. Nor do we take, for the purpose of ascertaining the possible income on net balances, the average rate of interest which we have received in the past on our loans; we take the ruling rate for the month in question.

The items comprehended in the results of our analysis are the amount of interest paid, the amount of expense incurred by the payment of exchange in the collection of foreign items, the volume of foreign items received from the depositor or correspondent, the average balances carried with us according to the ledgers, the net working balances—after allowing for the average amount of the balances represented by foreign checks in process of collection—and the profit or loss. We also keep record of the volume of items sent to correspondents for collection. This item and the one pertaining to the foreign collections received are valuable in case of discussion or adjustment of any misunderstanding.

We have ascertained what it costs us to handle a city cash item and a city collection; the cost to us in handling a foreign cash item and a foreign collection; also the cost of paying a draft received by mail or over the counter; and in addition we have arrived at the cost for administration. By counting for a single typical month the volume of the various classes of items and entering the same on the analysis card—with the total cost to us—we have valuable information for ready reference should there be a question of losing or retaining the account.

I believe that the two analyses should be kept strictly separate, that is, the regular analysis and the cost accounting. Nor do I think it is fair to estimate in an analysis that you are not loaning all the available funds. If you don't use the loanable balance I do not think that that should in any way affect the usual form of analysis because it should be taken for granted that you are loaning all the money that is available; if you do not loan the available funds, it is going to be a question with your correspondent, if you have to talk to him, whether you have been remiss in not loaning it or whether you have been unable to do so. He will certainly not allow you to say, as a rule, that you were not able to loan it; he will assume that you could loan it, you should have done so.

**GEORGE O. BORDWELL**

First National Bank of San Francisco

The account of every depositor on the books of a bank has some bearing, direct or indirect, upon the bank's earnings. It is the aim of every intelligent banker to be of the largest possible service to the people of his community. He performs many services for which no charges are made to the depositors. He acts as bookkeeper as well as custodian of funds for many of his clients. He transfers funds from one city to another, and in many other ways makes himself useful. This is not because he is a philanthropist; he is not. His final aim is to earn for the stockholders as large profits as possible. He takes into consideration every factor which makes for profits, and the measure of his success is governed by the amount of wisdom he has used in weighing the relative values. He knows that if he made a charge for every service rendered, he would be unable to hold his depositors; they would transfer their accounts to competing banks. The logical result is that many so-called "bankers" offer to depositors every conceivable concession. It is at this point that relative values must be studied. The art of guessing has been developed to such a degree and until very recently has been so universally followed, that many successful bankers have chosen to continue guessing. This choice is caused by a failure to realize that through the introduction of modern accounting methods, scientific figures, from which the element of guesswork has been eliminated, can be readily obtained.

Let the skeptical banker look over his books and he may find a bank account with a balance ranging between \$30,000 and \$35,000. He considers this a very desirable account. Each day about \$9,000 worth of items are received for credit from this correspondent. Most of the items are on out-of-town points and he, therefore, considers the account especially valuable, as there can be no question that a large volume of transactions carries with it a certain advertising value. What does a scientific analysis show? Average ledger balance \$33,159; outstanding transit \$31,163; loanable funds \$1,746; gross income \$6.68; cost of handling \$21.10; interest paid on gross balances \$56.28; transit exchange absorbed \$119.30; net loss for one month \$190; additional average balance required to cover loss \$140,000. This account has advertising value, but it is not probable that it has resulted in the banker obtaining other accounts with net earnings of \$190 per month, with gross balances of over \$140,000. If it has not, the account is an actual source of loss.

He will find another bank account with a ledger balance of \$9,300. This account has not been profitable, but he did not realize that \$13,175 of the items were outstanding in transit. While no interest was paid on this balance, yet the amount of the overdraft, \$3,875, could have been loaned and would have earned \$14.60; the cost of handling the account was \$10.07; transit exchange amounted to \$32.60; the total loss was \$57.27. If the average balance had been increased \$36,000, the loss would just have been covered. The banker would then have discovered an account with an average balance of \$45,000 just paying its own expenses, but yielding no profit.

The principles involved are the same, whether applied to the accounts of bank depositors or of individual depositors. Having seen the results of an analysis as applied to two bank accounts you now turn to the individuals, and select an old time depositor whose balance is always in the neighborhood of \$10,000. This is what you find: Average ledger balance \$10,430; outstanding clearing \$28; outstanding transit \$184; net average loanable funds \$8,940; income from loanable funds \$33.77; premium value of checks on central reserve cities deposited 30 cents; cost of handling the account \$3.71; marginal value of the account \$30.36; "average value" (excess of income) \$25.88. During the month you collected \$1.01 from this depositor for transit exchange. You desire to be just, and because you are absorbing transit exchange charges whenever requested to, if a positive "average value" is shown, you discontinue charging transit exchange to this depositor. If you cannot reconcile yourself to this apparent reduction in net earnings, you had best consider the account from the viewpoint of competition. It is better for you to discover on your own initiative which accounts deserve concessions than to risk losing them to your competitors.

Reassured as to the correctness of the methods followed by having the inner facts concerning this account, you now turn your attention to one with an average balance of \$137,000. This is a corporation account and over \$1,000,000 worth of checks are deposited in a month. Some years ago it was your practice to transfer these amounts to the firm's home office, for which service you made no charge. The cost to you for exchange amounted to more than 2 per cent. per annum on the gross balance; you at that time commenced crediting them 2 per cent. interest on their balances, they paying you for the actual cost of exchange on central reserve points. The analysis you now make shows the facts to be: Average ledger balance \$137,619; outstanding clearing \$28,813; outstanding transit \$49,947; loanable funds \$52,377; income from loanable funds \$193.60; interest paid on gross balances \$233.61; transit exchange \$136.03; cost of handling \$16.04; marginal loss \$192.08.

By equitably adjusting the terms upon which these four accounts are handled, the bank's earnings will be increased over \$400 a month. It is true that no accounts are now being analyzed, and that nevertheless the bank is paying dividends; but that is because your best accounts are earning for you large enough amounts to pay the invisible, but none the less certain, losses. Eliminate the losses, and your net profits will be just that much larger.



O. HOWARD WOLFE  
Philadelphia National Bank

It requires about four years of hard-earned experience for the amateur gardener to learn a few fundamental facts concerning his little plot of ground. He begins by raising a little of every vegetable of which he can buy the seeds and he finds that those which do not result in entire failure have yielded him but a single "mess of pottage." He takes no account of the labor or amount of room necessary to produce this pan of beans or that basket of tomatoes, but is content merely to see things grow. After a few years of failure he begins to find that onions are much more troublesome than potatoes—let us say—and he remembers that he uses but one onion to every fifty potatoes. If he is wise, he raises no more onions but increases his crop of tubers and places himself on the high road to success.

It has taken the American farmer many years to learn these simple lessons of the truck patch. His land is becoming more valuable and his crops are yielding less and less return in proportion to his outlay of labor and capital. So he pulls up stakes for new lands in the Northwest and repeats the process. His place is taken by the modern farmer whose success lies in the fact that he is scientific; or, to put it briefly, he "keeps books." This man will succeed where his predecessor has failed.

This condition of affairs which we find among our agricultural friends has its exact counterpart in the banking world. The pioneers of finance loaned their money at 8 per cent. and higher; most of their business was transacted right across the counter and the dividends were sure to follow, for there was little expense and it was necessary merely to refrain from ventures which bordered on "wild cat" land.

Since the time of the Civil War, however, when the National Bank Act went into effect, tremendous development has been going on all over the land. The building of railroads and the increase of the possibilities of intercommunication has made it possible to trade with remote sections of the country quite as easily as it is for the merchants of Baltimore to buy goods in Philadelphia. Of course, this means that the process of paying bills by check is a much greater problem for the banker now than it was when most of his obligations were met at his window.

The analysis of accounts is an evolution brought about by this increase of transit business throughout the country. The increase in the use of checks has been caused particularly by the development of that class of business which we are pleased to call by the modern term, "Interstate Commerce."

The National Bank Act has so framed the banking laws of the country that the reserve cities become almost involuntarily the clearing centers as well. But while this is logical and the most convenient method of transferring credit in the shape of checks, yet the Bank Act has left us absolutely without a common medium of exchange. We are forced, therefore, to use actual money, which is expensive to ship; or New York funds which, in view of the Clearing House rules of that city, are expensive to create. There is, therefore, a considerable item of expense placed upon the banks in the handling of the commerce of the nation, the only offset to which, except an actual charge, is the compensating balance of the depositor. This expense is represented chiefly in what is known as "exchange charges" which is perhaps the subject of the greatest importance in cost accounting. That there are all sorts of abuses and evil practices abroad in the land is a matter with which most bankers are familiar. These conditions are of especial import to the Analysis Department whose duty it is to see that the bank is not imposed upon either by its customers on the one hand, or by collecting banks on the other.

The Analysis Department as such is confined, generally speaking, to the reserve cities. There is something to be said for the country bank as well; but we must first understand the viewpoint of the bank on the firing line, so to speak, and then we can deal more intelligently with the non-reserve banks. However, this latter class are vitally interested, for it is largely their accounts which are being analyzed and it is well for them to be familiar with the process.

Briefly stated, the proposition is to apply all the expense incidental to an account against whatever legitimate income you may derive from the balance. We can best illustrate this idea by referring to the daily bank statement and analyzing the method employed by national banks in loaning their money. The manner in which this is done, as prescribed by law, is as follows:

From the sum of the balances of the depositors, known as deposits, is first deducted that part of their credit which is not yet collected. This is known technically as "due by banks" and represents, generally speaking, the checks on other cities for which no return has yet been made. From the remainder the bank is required to deduct 25 per cent. for reserve purposes and it may then loan what is left.

In analyzing each individual account, therefore, we first ascertain just what part of the general deposit fund belongs to that account, that is the average daily balance. We then deduct the average amount of items outstanding daily in process of collection and proceed until we find just what income was derived from the net available or loanable balance after the reserve is deducted.

To this theoretic income we then apply some actual costs, the amount of interest allowed, exchange and other costs incidental to the collection of checks. The result is the profit or loss on the account, usually figured at monthly intervals. In analysis, therefore, it might be said that each account is figured as if it were the only balance on the books.

An exact analysis demands that each item deposited shall be given the proper rating as to time and exchange cost. The sheets used in this work are uniform, generally speaking, in all banks which do analysis work. In the calculations at the end of each period, however, there are several formulae, both for arriving at the cost in time and the income from the balance. A volume might be written on this subject somewhat after the fashion of the "Lightning Calculators," but it is a problem which each bank will work out in its own fashion and in accordance with local conditions.

The foremost problem in analysis to-day is what is known as administration charges. It is a debatable question whether banks should not also impose in analysis, clerk hire, stationery, rent, postage, etc. We find opinion somewhat divided on this question and indeed there is much to say on both sides. Inasmuch as analysis is not an exact science and need be only accurate enough to enable a bank to be well informed as to the value of its accounts, it seems that to further encumber the process with an additional analysis of "overhead cost" is unnecessary. A convenient method employed by some banks is to apply such a charge only to losing accounts or those which cause considerable clerical work. In such cases a per centum increase is put upon the loss.

Take for example an interesting calculation made by a clerk in a large city bank. There was an account in this bank which deposited a large number of "collection" notes at stated intervals. So far as ordinary analytical processes showed, the balance carried, \$25,000, was sufficient to cover all expenses in the nature of exchange and time cost, the usual test to which an account is put. There was, however, another element in this case which was carefully estimated. If the bank had received from all its \$50,000,000 line of deposits an equal number of items for every \$25,000, there would have been required at least 7,500 clerks to handle only this particular end of the business!

This example, hypothetical though it is, shows to what extent certain depositors "ride" their banks. The result has been that many banks now apply a unit system of cost to all active accounts, taking into consideration overhead charges, stationery, postage, clerk hire, etc. Others go farther and base their calculations upon every item of expense including the administration charge represented chiefly in the salary of officers. This cost is applied to all accounts, inactive as well as active. The difficulty presented here is that the unit system will not answer, inasmuch as it usually requires more official time and brains to loan \$100 intelligently than it does to invest \$10,000. These costs must all enter into the

calculations, and it is the purpose of these papers to illustrate the most practical methods.

It is also a debatable question whether the surplus should not be taken into consideration in making an analysis. Theoretically the surplus was produced by the capital and is for the purpose of securing the depositor. In actual practice, however, the surplus represents the earnings of the depositors' money and should not this be considered sufficient to take care of all "overhead charges"? In any event, beginners in cost accounting should be cautioned not to attempt to be unduly accurate in estimating costs on one side of the equation because the calculation cannot be made exact so far as the income from loans is concerned. For example, most banks analyze at such rates as 4 1/2 per cent., 5 per cent. or 5 1/4 per cent., whereas the exact average rate for that particular time might have been 4 17/32 per cent., a clumsy figure to handle.

To the young man in the bank the Analysis Department presents many possibilities of education and advancement. A graduate of the Transit Department is best fitted for the work. After a year or so spent in analyzing he will have picked up a very useful fund of information of tremendous value to him and his bank. There is no other department which provides such a liberal education on matters of national interest in the banking profession, although it must be admitted that the work is hard and the actual detail of analysis very monotonous.

The importance of some form of analysis is too self-evident to require any argument to the city banker. Yet even now many banks have not adopted it. That these banks will be forced to it ultimately there can be no doubt, just as the old-fashioned farmer is giving way to his scientific and business-like successor.

Analysis is also a factor in success that may well be investigated by the country banker. If he allows his depositors to draw upon uncollected funds he, in turn, must crowd his reserve agent. He must then either pay exchange on his checks or increase his balance with his reserve agent. It is his part, therefore, to educate the country depositors, the collection of whose checks is the greater part of the expense, that there is an obligation upon them not to use funds until ample time has elapsed for their collection.

#### INSTITUTE TALK.

The unusual interest which attaches to the American Institute of Banking at the Bankers' Convention, says the Chicago Banker, presages a particularly promising period following the convention of bankers. Carroll Pierce, Vice-President of the Citizens National Bank, of Alexandria, Va., who is chairman of the executive committee of the Institute, and likewise a member of the Executive Council of the American Bankers Association, said at New Orleans that he considered the Institute one of the most important sections of the association.

"The Institute was organized ten years ago for the purpose of developing bank clerks into full-fledged bankers," said Mr. Pierce. "Up to that time the average bank clerk did not look far enough ahead into the future to see the possibilities of the banking business. Each year since the inception of the Institute has shown progress in the development of the bank clerks, and now we have over 10,000 members. These are the future bankers of the United States.

"From these 10,000 members last year we graduated three or four hundred members who now hold certificates showing that they have passed the exam-

ination on practical banking, commercial law, finance and economics. These examinations are held yearly by the educational committee of each chapter and the papers are forwarded to New York to George E. Allen, Educational Director, to be marked, and to those who pass Institute examination certificates are issued.

"The Institute certificates are signed by the president of the American Bankers Association, the Chairman of the Executive Committee of the Association, also by the President of the Institute and the Chairman of the Executive Council of the Institute. Graduates are qualified to hold official positions in the bank in which they are employed. Statistics show that more than 75 per cent. of the vacancies in executive positions in banks are being filled by Institute men, demonstrating that the officers of the banks are looking for men who possess this technical education.

"Any bank clerk may join the chapter in his city by making proper application and paying the usual dues, which are fixed by the chapter according to the expenses which it has to meet. Each of the local chapters are now conducting regular courses. In our chapter in Alexandria we have one of the professors of the George Washington University to conduct the courses.

"The Institute this year expects to graduate nearly 700 members. Some of the members believe that 1,000 will be graduated, which will be, according to the present membership, one in every ten, showing that the members are taking an unusual interest in the educational work. The examinations take place in the spring of each year, after the winter's study.

"I may add," concluded Mr. Pierce, "that on account of the teaching of the Institute there are younger men now holding executive positions in important banks in the United States than ever before in the history of banking."

#### DISCRIMINATING PRIZES.

Vice-President Charles P. Blinn, Jr., of the Union National Bank of Boston has issued the following circular letter to employees of that institution: "It is a source of much gratification to your officers that all eligible employees of the bank are members of the Boston Chapter of the 'Institute' and that such an interest is taken by all in the educational courses now being conducted by the chapter. In order that this interest may be further stimulated, the bank offers three prizes to its employees who pass the best examinations at the end of the present course, as follows: A first prize of \$25 to the one passing the examination with the highest mark. A second prize of \$15 to the one passing the examination with the second highest mark. A third prize of \$10 to the one passing the examination with the third highest mark. In case only three employees take the examination, only the first and second prizes will be awarded. In case only two employees take the examination, only the first prize will be awarded. The marks given by the one in charge of the examination shall determine to whom prizes shall be awarded."



# INSTITUTE CHAPTERGRAMS

## PATERNAL COMMENDATION.

What President Watts of the American Bankers Association Had to Say about the Institute in His Annual Address at the New Orleans Convention.

WITH AN ARMY OF OVER TEN THOUSAND STRONG THIS SECTION PROBABLY JUSTIFIES THE INTEREST OF THIS ASSOCIATION ABOVE ANY OTHER, FOR NO OTHER IS SUSCEPTIBLE OF GREATER DEVELOPMENT, AND IN FUTURE YEARS OUR TEACHING WILL BEAR GOOD FRUIT, REPAYING MANY FOLD IN GOOD BANKERS AND GOOD CITIZENS THE TIME AND MONEY EXPENDED BY THE ASSOCIATION.

IN THE VERY NATURE OF THINGS IT IS DIFFICULT TO HAVE THE MEMBERS OF THE INSTITUTE UNDERSTAND THAT WHILE SOCIABILITY IS PROPERLY ENCOURAGED AS A MEANS OF ATTRACTION, THAT THE REAL END IS EDUCATIONAL. THE REPORTS INDICATE THAT THE INDIVIDUALS OF THE ORGANIZATION ARE NOW MORE THAN EVER IMBUED WITH THE PROPER SPIRIT AND UNDERSTAND THE FORCE OF AN ADAPTATION OF THE GREAT NOVELIST'S SIMILE THAT "SOCIALITY MAY FORM TWO SIDES OF THE LADDER UPON WHICH MEN MOUNT, BUT THE ROUNDS OF THE LADDER MUST BE OF STERNER STUFF TO STAND THE WEAR AND TEAR OF TIME."

## INSTITUTE CONSTITUTION.

### Committee on Revision.

Pursuant to instructions given at the Rochester Convention Chairman Pierce of the Institute Executive Council has appointed as a committee on constitutional revision Messrs. W. M. Rosendale, of New York; W. S. Evans, of Philadelphia; F. A. Crandall, of Chicago, and Raymond B. Cox and Herbert H. Owens, of Baltimore. The majority of the committee thus appointed held a meeting at New Orleans during the convention of the American Bankers Association and added Mr. Pierce to the committee and made him its chairman.

### BOSTON.

By Perceval Sayward.

THE program of this chapter has been running along most smoothly and the various meetings have been receiving a most generous support from members. Our arrangement with the City Club—

mentioned before in these columns—is working out most happily. The monthly meeting at the club with the excellent dinner, served at a very moderate price, is bringing out a very large number of men.

At the monthly meeting just held, Hon. Wm. F. Murray, who has the distinction of being the youngest member of Congress, delivered a splendid address. Mr. Murray referred to the American Institute of Banking as an important source of information on questions pertaining to banking and currency, and expressed his desire for close co-operation between the Institute and Congressmen for their mutual benefit. The subject of "Co-operative Banking in Massachusetts" was presented in a most thorough and interesting manner by William N. Swain. This address was followed by a number of pertinent questions from the floor that brought out some very valuable points. It was felt that no mistake had been made in dispensing with the regular monthly meeting of the Savings Bank Section, for which Mr. Swain was scheduled and bringing this matter before the whole chapter. The balance of the evening was consumed in open debate on the question of admitting trust companies to the Boston Clearing House. This gave desired practice to the Demostheneses who are preparing for a debate with the Hartford Chapter. We sat down to dinner at 5.30 p. m., so that there is a good long evening available for the program without keeping the family men and suburbanites up to unholy hours.

The Debating Class in order to instill a little variety into its discussions, broke away at its last meeting from staid banking subjects and took up that of "Woman Suffrage." The subject certainly accomplished its object of livening things up a bit! No heads were broken, however, and all went home more than ever convinced that their original opinions were quite correct. At the next gathering we shall get down to business again on the question of limiting the amount of interest to be paid on deposits by National banks in reserve cities.

One thing about this class in debate that is most admirable, among many others that might be mentioned, is that no one is able to attend without taking part in the proceedings. If our very competent chairman and instructor, Lloyd A. Frost, does not know a man by name, that does not let him by, but he is asked as "the gentleman next the radiator," etc., etc., to contribute a few remarks or amend the motion. It's a great thing for the tongue-tied and for all of us that we have such a leader as Mr. Frost. In fact, on the capacity of the conductor of a class in parliamentary law and debate depends to a very great degree its success or failure. There is no doubt in the minds of those at all interested in such matters of the positive value and benefit being derived from attending the meetings of the Boston Class.

**BUFFALO.**

By James Rattray.

**A**LTHOUGH the contemplated banking and currency reforms, now under consideration, should be of paramount importance to everyone interested in the commercial future of this magnificent country, as well as to those more immediately concerned with financial affairs, it is surprising how little may be gleaned from the daily press on these matters, presumably because they lack the elements of a "story," so necessary to modern journalism.

Fortunately, we, who are members of the American Institute of Banking, have not to rely on that source for our information, as a perusal of the official publication keeps us fully informed on all that has been, and is being done to place our financial system on a sound basis.

If carefully read and thoroughly digested, the able articles appearing in these columns would alone prove a valuable education in modern banking and finance, but, emanating as they do, from master minds in the profession, a more elementary study of banking and banking law is primarily essential to a thorough understanding of the terminology used, and the opportunity to acquire such an education has been placed within reach of every bank clerk, through the study classes conducted under the auspices of the various Chapters of the American Institute of Banking.

In this city, bank men are seemingly beginning to realize the possibilities open to the educated banker, evidenced by the increasing numbers who are attending our class in commercial and banking law, and under the tuition of an able instructor, are rapidly becoming familiar with the intricacies of the laws relating to a business, the practical details of which are, more or less, familiar to them. When one considers the strenuous business life of the average bank clerk, it is apparent that considerable self-denial is entailed in devoting one's spare time to study, but whatever is worth having is undoubtedly worth sacrificing for, and when, from the processes of evolution, we have emerged in the front rank of international finance, the reward will appear in increased opportunities for those who possess a knowledge of the laws governing our financial system, and the economic principles on which these are based.

This knowledge, of course, may be acquired outside the American Institute of Banking, but the type of man is certainly rare, who can and will devote himself to its acquisition, without the incentive of emulation engendered by studying in co-operation with others, and even such a one would learn more readily, and with greater zest, if his reading were complemented by the interchange of ideas accompanying the camaraderie of chapter meetings.

Progression in company is easier than alone, and we are consequently glad to note the influx of new members to our chapter, but, until every bank clerk in the city is an active member, we shall not have reached the highest point of our efficiency.

Such a consummation may seem to be the dream of a visionary, but, were every member proud to proclaim his connection with the American Institute

of Banking and to make known the educational benefits derivable from membership, might it not be feasible?

**CHATTANOOGA.**

By T. R. Durham.

**Y**E of the Entertainment Committee, of whom it is expected to afford the chapter with amusement, diversion, and encourage the feature of sociability, here's hope. When you have exhausted your ideas with dances, picnics, boat excursions and what not, just arrange for an old-fashioned spelling bee—one of the old "Webster's Blue Back Spelling Book" variety. Bring the ladies along, line everybody up against the wall and take note of the simple words the bright scholars will stumble over and finally go down on. Fun? Sociable? Why everybody laughs at everybody else until they have pains and after awarding a box of spelling blocks as a booby prize and an Institute gold pin as the real prize the serving of some light refreshment brings a very happy ending of a most enjoyable evening. How do I know? Because as our colored editor puts it: "We de writer is bin dar and we know whereof we speak."

Our educational work has never before been so satisfactory as at the present time. The instructor employed by the chapter supplements the lecture course with the statute law and various cases as decided in the Tennessee courts, giving us the law up to date upon the questions involved. We are following the plan this year of having a lecture three Thursday nights, and the fourth is used for business and entertainment. The spelling match above referred to was the feature at our last business meeting.

**CINCINNATI.**

By A. DeWitt Shockley.

**A**S predicted by the Secretary in his notice, the meeting of November 10th, was the most interesting and instructive one of the year. Raymond B. Cox of Baltimore, President of the Institute, and E. F. Romer, Examiner of State Banks for the Cincinnati District, were the speakers.

The impression made from the address of Mr. Romer was that the State Banking Department is performing a valuable service for the people of Ohio. Through its activities, the professional bank promoter has disappeared, the incompetent bank officer has been displaced, insolvent institutions have been closed, weak institutions have been made stronger, doubtful assets have been eliminated, liquidation has been insisted upon, consolidations have been effected and directors have been taught that they must direct. As a result of the activities of this Department, the State Banks of this Commonwealth are on a solid foundation. The gain in their individual deposits since the inception of the Banking Department is an evidence of faith in their stability. Mr. Romer paid a deserved tribute to the ability and conservative methods of our local bankers and through the chapter assured the people of Cincinnati, that her institutions are in a very favorable position from the viewpoint of the stockholder, depositor and investor. Mr. Romer displayed a keen interest in the work of the chapter

and replied in an able manner to all inquiries made in the supplementary discussion. He emphasized the value of the Institute certificate and urged the members to endeavor to obtain one.

Our President was praised for the able manner in which he conducted the meeting. An improvement is noticeable in the extemporaneous speaking of the members. The members were much delighted with the presence of our old friend, William Strautmann who returns from a six month's siege in a hospital.

The chapter had heretofore been informed of the capable work performed by our National President on the Educational Committee of the Rochester Convention, so the fame of Mr. Cox preceded him. He came, he spoke and inspired the members to chapter activity. Cincinnati Chapter predicts that Mr. Cox will make a very capable President. It felt highly honored in having him address the organization and expresses deep appreciation of his efforts in interesting the local bank officials in Institute work. Naturally, education was his subject. He made a deep impression upon the members. His visit with us will leave its good effect upon Cincinnati Chapter. Referring to the exchange of ideas at a meeting of bank men, he emphasized the value of the organization. Among other things he said that education enlarges a bank man's vision. It is not bounded by the limits of his desk. A check is not only a piece of paper, nor a note a book entry, but are looked upon as instruments of commerce. A bank is not only a building, but also a unit in the broad field of national banking. To-night in Los Angeles, Seattle, New Orleans, all over this broad land, fifteen thousand bank men are devoting time to the study of banking principles. The statement can be made without fear of contradiction that this will have a good effect upon the banking future of the country.

#### DENVER.

By Wm. O. Bird.

THE members of Denver Chapter are at present concentrating all their energies on their minstrel show—"Bankers in Burnt Cork"—which is to be presented at the Auditorium on the night of December 15th. Everything points to a grand success and the boys are having lots of fun rehearsing.

In spite of our extra work in connection with the minstrels the interest in the banking and finance class keeps up and those who are attending regularly and studying faithfully are deriving a great deal of benefit from the able instruction of Professor Duncan.

This month just passed has been a very sad one for Denver Chapter and the banking world as well. During this period death has claimed J. B. Grant, Vice-President of the Denver National Bank, and Charles B. Kountze, President of the Colorado National Bank. The heartfelt sympathy of the members of Denver Chapter goes out to the bereaved relatives and we share with them the feeling of the great loss that has been sustained by our whole community in the removal of two of our foremost citizens from their sphere of helpfulness and usefulness to their city and State.

The deep sympathy of the chapter is also felt for our R. J. Baker for his recent bereavement in the loss of his father, who died in Oakland, California, on the twenty-second of this month.

In his will the late C. B. Kountze remembered ten of the older employees, in point of service, by a bequest of one thousand dollars each. This kindly and thoughtful remembrance of those who had long been with him came as a great surprise to those who were thus remembered and is but another proof of the keen interest he has always had for his boys. Mr. Kountze was a member of Denver Chapter and among those sharing in this bequest were four members of the chapter.

#### DULUTH.

By John L. Evans.

DULUTH Chapter has completed the "study" of Parliamentary Law. On November 7, Hon. C. B. Miller, our Representative in Congress, gave us a very interesting and instructive talk on "Parliamentary Law in the House of Representatives." We found that this is a very important subject and that the lack of such knowledge is a handicap under which many of our public men work. He gave us illustrations from recent events in Congress which were even more interesting to us than the points illustrated. We found that the House has a regular law library on this subject; that the volume on rules is printed up to date—new—for each Congress, and each member furnished a copy. Few of us realized when we commenced this course of four lectures what a field we had entered. Congressman Miller's three-hour talk was a fitting climax to the course. We now take up the Law of Real Estate.

Duluth Chapter opened the social season with a cabin party Wednesday evening, November 15th. About forty of the boys took a Lester Park car soon after work and went to the end of the line. From there we walked up Lester river for nearly a mile. Trailing single file through the woods, with the spruce and balsam, pyramids of snow, with the falls of the river singing to the whispering of the wind in the pine trees,—on a clear, frosty night,—it was some trip. As the trail wound along the rocky banks, we would catch glimpses of the prettiest scenery in the world,—a typical north shore stream tumbling through the Laurentian granite down hundreds of feet to old Lake Superior. It was a superb setting. Some of the boys said it was slippery, and tried to fall in. When we were becoming somewhat cold, the trail began to descend and we saw the "Wau Pse Ke" cabin nestling close beside the river, steep cliffs on either side, on a bench of water-worn gravel—it was prettier than a picture. And inside! Oh, say!! The fire roaring in the fireplace certainly looked good to us. This cobblestone fireplace doesn't smoke—it blazes. The cabin is built of unpeeled cedar logs and is finished appropriately with birch bark trimmings. Someone turned loose the phonograph, and served sweet melodies of canned music.

Our president, C. J. Grogan, acted as master of ceremonies for the evening. The Troubadour Club

gave us some very fine selections, and they are dandy players, the whole bunch of them. J. E. Horak, Assistant Cashier of the Northern National Bank gave us a good talk on the physical improvement of bank men. He told us that while our various educational courses were fine, and our social activities good, a man must be healthy to make the most of life. Now we're thinking of getting up a basket ball team. After some more music, H. S. McGregor, Assistant Cashier of the City National Bank, talked on the proposed Reserve Association. He said the bankers seemed united in demanding something like this, but realized the difficulties to be met in the House of Representatives.

Later in the evening we ate up the lunch that came out with us. It was certainly an enjoyable evening.

### EAU CLAIRE.

By Leon P. Shumway.

THE Eau Claire Chapter began the year's work with a greater burst of enthusiasm, perhaps, than has ever before been shown in the five years of its activity. There is a marked change in the attitude of the members toward larger endeavor regarding the possible educational features of the chapter work. There is a keener appreciation, by the individual, of the value of a broader knowledge pertaining to banking; and subjects closely related to banking.

The banquet room of the Hotel Galloway presented an inspiring scene as thirty men were seated at the tables on the evening of October 24, 1911. Intense interest showed in the face of every man present. After a most excellent banquet feast the attention was directed upon the speakers and entertainers of the evening. H. M. Wollum, President of the chapter, was chairman of the occasion.

Oscar Oien, of the Union National Bank, delegate-at-large to the Rochester Convention, read a paper covering the events of the trip and convention. Mr. Oien's quiet humor and interpretation of incidents brought forth a hearty applause.

President Wollum, Eau Claire Chapter's other delegate to the convention, gave a most convincing address, showing where the young bank clerks of Eau Claire were losing both financially and mentally, because of lack of interest in such study as the Institute provides. Mr. Wollum remarked that a person need but go to such a convention as the one held at Rochester, to be convinced of the far-reaching and recognized power of the American Institute of Banking.

Several of the chapter members were called upon to give their opinions regarding the Institute educational work. Every one present was enthusiastically in favor of beginning the Institute course of study at once. J. T. Joyce, President of the Union National Bank; W. K. Coffin, President of the Eau Claire National Bank, and C. W. Lockwood, Vice-President of the Eau Claire National Bank, all made a few remarks expressing their hearty interest in the advance the chapter members were about to make. The banquet closed with a short time of good fellowship.

The chapter has obtained the services of a local man to act as instructor during the Institute course. L. A. Bu Dahn, formerly a member of the Eau Claire High School faculty, and now a well known business man of this city, is proving a capable and valuable teacher to the entire class. There are nineteen members enrolled in the class with an average attendance of nearly fifteen. It is expected that a large percentage will complete the entire course and obtain their certificates.

Much is due the present chapter officials for their efforts in building up interest in the educational work of the chapter.

Prof. W. A. Clark of the County Training School, gave a very opportune talk, during the annual banquet, in which he pointed out the fact that the farmer and the banker have interests which are interdependent upon each other. He closed his address by making a strong plea that the local bankers take the initiative in helping the farmers of the surrounding community to realize the immense value of pure bred seeds and correct farming methods. The interest aroused evidently produced results. The first Corn and Grain show of this section will be given in Eau Claire December 13, 1911. The local banks are working in conjunction with the Agricultural Department of the University of Wisconsin. The young bankers who are making this event possible are either members of the Eau Claire Chapter, or are greatly interested in the chapter work.

John Thompson has resigned his position with the Union National Bank, and entered the Engineering School of Cornell University.

John Brog, formerly with the Union National Bank, now has a position as bookkeeper in the First National Bank of North Yakima, Wash.

### MINNEAPOLIS.

By Jos. J. Cameron.

WE think it's in us, so we're going to do it. From the emperean height and isolated pinnacle of true "art" we gaze with saddened visages, for the vulgar and impatient public can no longer be denied. They demand that we come out and act. Yes, they even dare us, too. The sordid greed for gold has forced us from our artistic seclusion and before the footlights of this fair city, there shall be seen a spectacle so gorgeous, so stupendous that memories of Parsifal, Ben Hur, Hamlet, and other tawdry ventures in the field of drama will sink into oblivion and real "art" shall be triumphant. All this and more was decided at an informal dinner which we enjoyed November 21st, with almost a full membership present. At this dinner we sat enthralled and awed by the marvelous melody of a golden voiced Bank Clerk Quartet, whose liquid notes were mellowed by nothing stronger than coffee, at least not up to that time. Later in the evening the romantic actor, Lester Banks, of our chapter, slipped us a choice bit from his very select repertoire. Clarence Chaney, notwithstanding a handicap of a name like "Clarence," with just a piece of charcoal, showed us that he can draw like a porous plaster. And so the merry world is spinning around up here, and perhaps a little more so on Thanksgiving Day, for our

chapter football team intends to slam the buttermilk out of an aggregation from the St. Paul Chapter. The dead will be named in alphabetical order in our next number.

### MONTGOMERY.

By Felix Robinson.

ON November 17th a meeting was called in this city by Michael Cody, President of the Montgomery Clearing House Association, at the suggestion of Louis B. Farley, at which meeting the latter, after considerable correspondence, had succeeded in getting President Raymond B. Cox and Secretary A. C. Dorris, of the American Institute of Banking, to be present. The objects and methods of the American Institute of Banking were gone into in a most thorough manner in addresses by Messrs. Cox and Dorris, after which the Montgomery Chapter of the American Institute of Banking was organized and the following officers elected: J. M. Baldwin, President; Geo. M. Powell, Jr., Vice-President; Jas. J. Campbell, Treasurer; Felix Robinson, Secretary; Board of Governors, W. J. Osborne, J. L. Griffin, W. F. Joseph, M. A. Vincentelli, W. H. Kohn, R. E. Seibels, E. F. Higgins.

The Montgomery Chapter was most fortunate in having the presence and assistance of Messrs. Cox and Dorris at its organization and starts off under most auspicious circumstances, as it has an active membership at this time of 56, and by far the greater number of these have expressed a desire to take up the course of study prescribed by the Institute. The chapter expects within the next few days to increase its active membership materially, and the prospects are good for obtaining a large associate membership.

### NEW ORLEANS.

By John Dane.

SATURDAY evening, November 18th, was an important one in the annals of the local chapter history, because of the presence in our midst of the National Officers of the Institute, as also the presence of other prominent Institute men of the country, and the reception accorded our distinguished guests at our quarters proved to be a "mental feast."

I. L. Bourgeois, President, called the meeting to order promptly at 8.30, and it was quickly moved to dispense with the regular business of the meeting. Mr. Bourgeois introduced Rudolf S. Hecht, chairman, who in a brief address congratulated the local members upon the distinguished assemblage, and assured the visitors that the Southern hospitality and good old-fashioned Creole cooking would keep them in good repair until they decided to go to their homes. Adding further, Mr. Hecht stated that the New Orleans Chapter had been working wonders, and that with the support of the Clearing House and bank officers the membership should be greatly increased. Mr. Hecht stated that he was in favor of allowing the bank officer Active Membership in the Institute, and this sentiment was reiterated several times during the meeting by different speakers.

Sol Wexler, Vice-President Whitney-Central

National Bank, New Orleans, was then introduced, and in part said: "I doubt very much if the bankers at large appreciate what the Institute is doing. There is no other class of work which affords the opportunity for thought that is given in this Institution. The position of a bank clerk and banker is very much different from that of any other walk of life, and a man that accepts a position in a bank becomes a piece of machinery, and unless ambitious, and energetic enough to carry his ambitions through, will not rise much above the position in which he first started. A position justifies salary. In order to become proficient, it is absolutely necessary to take advantage of all literature pertaining to banking, and give deep study to the 'reform of our currency.' When the humble employee can convince the higher officials of his usefulness, then and only then is it that he is placed in the position where he rightfully belongs. No man that asks for a higher position can receive it unless his qualifications and his usefulness have been demonstrated. The salary question is one of vital importance to us all. A comparison of the salaries in the different banks vary 50 per cent., and it is my opinion this should not be so. Within the next two or three years, a change of administration, trust laws, corporation laws and many others may affect banking, and the bank clerks of today, as well as the officials, cannot devote too much time to subjects pertaining to these laws, and become readily familiar with them in every detail.

"The National Reserve Association is pretty certain to be formed, either on the lines of the Aldrich bill, or practically upon that plan. The proposed bill provides for a central institution and in the beginning fifteen branches. There will be positions for probably 1,000 bank men. They will be picked from various parts of the country. The bank clerk who wants to better himself would do well to be prepared to fill one of these positions. He would not only get the benefits directly from the position, but his services would then be in demand by banks." Mr. Wexler spoke at some length on the advisability of the bank clerks familiarizing themselves with the proposed currency reforms.

Following Mr. Wexler, a short talk was made by Mr. Allen, our Educational Director. He reiterated Mr. Hecht's previous statement, i. e., that members of the Institute, once they became bank officials, should not be prevented from remaining active members of their chapters. Regarding New Orleans, he said that it had the greatest opportunities for growth of any American city.

Mr. Cox, our President, said the American Institute of Banking in policies and efforts, contemplates but one thing—education of bankers. "It has been proved a thousand times that a social spirit cannot hold this organization together. I do not mean by that," said he, "that you members should not have a social evening together once in a while, but it is certain that sociability alone will not be the means of holding these men together. By applying yourself, a bigger personal life, a greater competency, and a larger salary is the inevitable goal. Let the goal be the Institute Certificate. The certificate alone does not signify that the holder is a master of finance, but signifies that he has had a general knowledge of the banking business, and is fired with

the necessary ambition, and intends fighting the battle through to the finish."

Andrew C. Dorris, National Secretary, made a few remarks, in which he pointed out very clearly that the Institute was the proper place for both the official and the clerk, and explained the amount of credit due the holder of an Institute Certificate.

W. A. Coquille gave a short reminiscence replete with humor.

V. A. Lersner, President of New York Chapter, proved a very interesting speaker. He spoke of the results attained by New York Chapter.

W. H. Kniffin, Jr., Secretary of the Savings Bank Section of the American Bankers Association, and Secretary of New York Chapter, spoke on "The Spirit of New York." Knowledge is power, and power costs money. New Yorkers pay for the acquisition of knowledge as well as the power generated by New York Chapter. Bigness does not denote strength, but opportunity. Mr. Kniffin went into the finer details of banking, and dwelt at some length on the power of the Institute, and explained its usefulness in graduating competent men.

At six o'clock Saturday evening a dinner was spread for the Institute visitors at the Rathskeller. Those who attended were:

W. M. Rosendale, New York; Frank D. Brundage, New York; E. L. Stewart-Patterson, Sherbrooke, Quebec; Raymond B. Cox, Baltimore; George E. Allen, New York; E. A. Walker, Brooklyn; Col. Fred. E. Farnsworth, New York; O. H. Wolfe, Philadelphia; V. A. Lersner, New York; Henry Billman, New York; W. H. Kniffin, Jr., New York; J. J. Farrell, R. S. Hecht, A. Luria, I. L. Bourgeois, N. J. Barrios, R. J. Druhan, W. B. Machado, H. F. Castarede, P. Wraight, A. E. Schiro, J. J. Delery, R. J. Palfrey, R. E. Byrne, J. J. Plauche, W. C. Daunis, C. Varnau, J. L. Benton, Wyman Hoey, E. A. Saucier, and John Dane.

### NEW YORK.

By W. H. Kniffin, Jr.

**T**HE interest in New York Chapter shows no abatement. Our expectations have been more than realized both in attendance and in the interest manifested by the men. The classes have steadily maintained a high order of excellence and the result thus far amply justifies the presumptuous innovation of nightly classes.

Mr. Escher's series of six excellent talks on Investments has come to a close and the Friday night class is now considering the analysis of reports and such abstract subjects as pertain to the analytical work of finance.

We have made several discoveries, this season, not the least of which is the fact that a lawyer can make law plain as well as interesting, and in Mr. McBarron's talks we have had the groundwork of such subjects as wills, mortgages, real estate contracts, etc., treated in a delightfully simple way that has proven Mr. McBarron to be a most acceptable addition to our list of lecturers on law.

Professor Drury has won his way into the hearts of all his men, as he usually does, and the English class is no doubt doing as lasting a work as any of our gatherings.

The practical banking course has taken up the receiving teller, the paying teller, and the general bookkeeper, the speakers being "those who know," and the meeting on the 21st on the latter subject drew the largest attendance we have had this season aside from the opening meeting.

The Trust Company and Savings Bank nights have been full of interest, considering the fact that these fellows are the most difficult to interest in an evening gathering, and no doubt the most strenuous work is placed upon the Wednesday night sessions both in the endeavor to make them attractive as to speakers and to get out the crowds. It is to be hoped that men in these institutions will realize what good things they are missing and behave themselves accordingly.

The library is freely used by our men as a gathering place prior to the meetings, and has proven itself to be the one thing needed to weld a closer relationship between the men and the chapter, and the easy chairs and davenport de luxe are coming to be trysting places for men in love with each other and the finishing touch is being put upon friendships eminently to be desired.

For the information of other chapters, our program for the month of November and December is herewith given, and it will readily be seen that to carry out meetings of such frequency is no small proposition, and yet in all these we have made good. Membership at this writing (November 29), 1966, just 34 short of the mark we had set for December 1st—2,000.

Nov. 1.—Savings Bank Night. Francis J. McBarron, Attorney, on "Mortgages."

Nov. 2.—Contracts. Francis J. McBarron.

Nov. 3.—Stocks and Bonds. Franklin Escher.

Nov. 6.—English Class. Prof. Drury.

Nov. 8.—Trust Company Night. To be announced.

Nov. 9.—Suretyship. Francis J. McBarron.

Nov. 10.—Banks and the Surety Market. Franklin Escher.

Nov. 13.—English Class. Prof. Drury.

Nov. 14.—The Receiving Teller.

Nov. 15.—The Interior Audit of a Savings Bank.

A. Benton, C. P. A.

Nov. 16.—Sales. Francis J. McBarron.

Nov. 17.—The Liability of Borrowers. Marvyn Scudder, Secretary of the Investor's Agency.

Nov. 20.—English Class. Prof. Drury.

Nov. 21.—The Paying Teller. M. F. Bauer, American Exchange National Bank.

Nov. 22.—Trust Company Night.

Nov. 23.—Land Titles. Francis J. McBarron.

Nov. 24.—Investments. Marvyn Scudder.

Nov. 27.—English Class. Prof. Drury.

Nov. 28.—The General Bookkeeper.

Dec. 1.—Appraisals. Marvyn Scudder.

Dec. 4.—English Class. Prof. Drury.

Dec. 5.—The Loan Clerk. Collateral Loans.

Dec. 6.—The Nature and Functions of Savings Banks. E. P. Maynard, President Brooklyn Savings Bank; W. E. Knox, Comptroller Bowery Savings Bank.

Dec. 7.—Open Meeting (to be announced).

Dec. 8.—The Chapter Forum (to be announced).

Dec. 11.—English Class.



- Dec. 12.—Foreign Exchange.  
 Dec. 13.—Trust Company Night.  
 Dec. 14.—Bailments. H. Gerald Chapin, Attorney.  
 Dec. 15.—The Chapter Forum (to be announced).  
 Dec. 18.—English Class. Prof. Drury.  
 Dec. 19.—The Chief Clerk.  
 Dec. 20.—The Law of Trusts. J. C. Loud, Attorney, Williamsburgh Savings Bank.  
 Dec. 21.—Bailments. H. Gerald Chapin.  
 No meetings between Dec. 21 and Jan. 8.



CHAS. F. MINOR.

Nothing that has happened in New York Chapter in many a long day has given the rank and file more genuine satisfaction than the elevation of Charles F. Minor to the office of manager of the Bronx Branch of the Knickerbocker Trust Company. While it is highly complimentary to Mr. Minor as a bank man, it is equally a tribute to the value of chapter work.

Mr. Minor was a charter member of Alexander Hamilton Chapter and since its consolidation with New York Chapter ten years or so ago, he has been one of the leading lights, being very much in evidence whenever and wherever anything was doing that has been worth while. His real value as a doer of big things did not, however, become manifest until his election as president of New York Chapter for the season of 1910-11. He threw himself into the work with an earnestness and vigor that could not fail to bring about good things, and the present broad and comprehensive educational program is in no small measure the result of his belief in the educational side of Institute work. And in this belief he has been amply sustained by the results well known to all

Institute men. He has not only proved himself a constructionist of no mean order, but an administrator of no small talents. He not only dreamt dreams and saw visions of a great chapter in the Metropolis, but acting on the principle laid down by Michael Angelo hundreds of years ago, that trifles make perfection and perfection is no trifle, he gave the detail work of the large organization that close and careful personal attention that is so essential to success. And the men who have watched him and helped him and counselled with him may well rejoice that the banking world has looked upon his work and pronounced it good, and bidden him "move up!"

There are few men in New York whose personal and public life will bear closer inspection and measure up to a higher standard than his. The men of the Bronx have recognized in him a leading citizen, and in the charitable and religious activities which characterize that section of the great city, he has had a helpful part. He is an extremely likable fellow, loyal and true; as generous as he is good, and as kind as he is unselfish, and New York Chapter may well be glad that good fortune and honor have smiled upon one so eminently deserving of both.

Norman J. McDonald, of the Bank of America, and George McLaughlin, Assistant Cashier of the North Side Bank, Brooklyn, have been appointed examiners in the State Banking Department. E. P. Maynard has been made president of the Brooklyn Savings Bank, and L. E. Sutton succeeds him as Comptroller, while C. C. Putnam, whom we "discovered" last year, becomes assistant comptroller, and A. C. Hare, Cashier. All are chapter men.

#### OAKLAND.

By George W. Ludlow.

**S**INCE the convention Oakland Chapter has gained forty-five new members. It is easy to see that new quarters have a "head-liner" effect.

The class in "Banking and Commercial Law" was organized Tuesday, November 7th, with thirty-eight members. F. M. Cerini is at the head of the class, with F. W. Yokum as assistant, and S. C. Scott as secretary. Rollo J. Hough, a local attorney, has been retained as legal advisor. As Mr. Hough's interests are with bank men, he being a former officer of the Oakland Bank of Savings, we were able to secure a very competent man at a nominal fee. Ten members passed this examination two years ago. Our hopes are for twenty-five this year.

On Thursday, November 9th, the Rev. Wm. C. Poole gave a very interesting talk on Hawaii, which was illustrated with some excellent slides. Our ladies were invited to this meeting.

Among the events planned for the near future are lectures by Tong King Chong, editor of the Chinese Free Press, of San Francisco, and leader of the rebel Chinese of the Pacific Coast. W. R. Williams, Superintendent of Banks of the State of California, a demonstration of the Universal Numerical System for handling transit items, by W. W. Cooley of the Burroughs Adding Machine Company, and the annual "Ladies' Night."

The pool table which has recently been installed, gets plenty of "exercise." A charge is made of five cents per game for two, or ten cents a game if three or more are playing. This money goes toward paying for the table.

**PITTSBURGH.**

By Albert T. Eyler.

THE first meeting of Pittsburgh Chapter on November 7, was devoted to a lecture on "The Negotiable Instruments Act," by Professor Conrad. This study class is being largely attended and the members are very enthusiastic about the course.

November 14 was the open meeting night. Hon. John J. Sullivan, of Cleveland, addressed the chapter on "Personality as an Asset." The burden of his address was that we all have latent possibilities greater than the qualities we have developed. He urged everyone to call upon these dormant powers and to push on to a high and noble success in life. Mr. Sullivan is a fluent orator and his return to Pittsburgh Chapter will be welcomed at any time. Professor Wm. J. Kay then outlined the course in Public Speaking, which starts Tuesday, November 29, in conjunction with the study class. Many members signified their intention of attending this course. Chas. P. Fenner, of Pittsburgh, explained the numerical transit system and the evening closed with music and smokes. On November 17th, the Negotiable Instruments Class held another meeting.

**PORTLAND, MAINE.**

By Lyndon P. Noble.

AT our regular meeting last Thursday the fourth paper "Money and Credit" was quite thoroughly discussed and I am certain that all present must have a very good knowledge of this paper. Unfortunately our instructor was unable to be present; but we organized ourselves into a mutual benefit society with our President in the chair and we had a free and open discussion from which we derived great benefit, each one having a chance to informally express their views. The papers are becoming more interesting as we proceed and we are looking forward to the first meeting in December when we shall take up the fifth paper, "Credit and Banking."

The Executive Committee are still working on the program of lectures and entertainments, which they hope soon to be able to announce in part, if not in full.

**ROCHESTER.**

By C. F. Rothmeyer.

THE members of the Rochester Chapter are taking such an interest in the educational part of the Institute this season that we have been able to organize a class in banking and finance, and one in commercial law, something that could not have been attempted any previous year. New members are continually coming in to take advantage of the instruction given in these classes. Bank men are beginning to realize the necessity of

practical education along these lines and it is gratifying to see this awakening in our profession.

The educational committee have been fortunate in securing as instructor in economics, Alphonse J. Sigl, A.M., director of the industrial department of the Chamber of Commerce. Mr. Sigl being a great student of political economy and public finances we anticipate a very interesting and instructive course in banking and finance this year. The first meeting of the class was held on Friday evening, November 24, with an enrollment of thirty members.

The class in commercial law will begin December 1, and is to be in charge of George S. Van Schaick, a prominent attorney of this city, who has made a specialty of this branch of the legal profession.

**ST. LOUIS.**

By G. Prather Knapp.

THE St. Louis Chapter has opened its active session auspiciously this year with one hundred new members enrolled in less than thirty days after the opening meeting.

The educational plans of the chapter are more ambitious than they have been at any time in the past and will include the Institute course in commercial and banking law, a course in credits and monthly meetings for the discussion by prominent experts of important financial and business institutions.

The course in commercial and banking law follows the outline laid down by the Institute and Institute textbooks are being used in connection with it. The lecturer is Manton Davis, a well-known member of the St. Louis Bar, former lecturer on contracts for the Benton College of Law and former dean of the City College of Law and Finance, both of St. Louis.

The initial meeting of the class was held on November the 7th with an opening enrollment of over one hundred and twenty-five.

The course in credits will be in charge of E. B. Clare-Avery, Assistant Cashier of the Merchants-Laclede National Bank of St. Louis, and will commence after Mr. Davis' course has been concluded.

The opening meeting of the chapter took place at the Mercantile Club on October 27th. The principal speaker of the evening was Saunders Norvell, ex-President of the Norvell-Shapleigh Hardware Company, President of the Stoves and Hardware Publishing Company and a director of the Mississippi Valley Trust Company. Mr. Norvell took as his subject today's opportunities for the young man in the United States. A recent and extensive tour of Europe enabled Mr. Norvell to give comparative examples of opportunities in the Old World and the New, and among other interesting features his speech contained a strong plea for a larger number of scientific and specially educated bankers for the directors of large financial institutions. He was followed by Franklin L. Johnson, Assistant Cashier of the Mercantile National Bank, who made an interesting address from personal experience on the practical benefits certain to accrue to Institute members who made use of their opportunities. In conclusion, Frank C. Ball, President of the chapter, and newly elected Safe Deposit Officer of the Mississippi Valley Trust

Company, outlined the chapter's projected work for the year, welcomed the new members and urged all those present to activity in further increasing the strength of the chapter. After adjournment luncheon was served.

The Aldrich plan for a National Reserve Association was the subject for discussion at the chapter's second monthly meeting, held on November 27th, at the Central Y. M. C. A. Auditorium, the principal speaker being William McChesney Martin, Assistant Trust Officer of the Mississippi Valley Trust Company, who has made an exhaustive study of the plan and is considered one of the leading authorities on it. Mr. Martin favored the proposed Association emphatically and laid particular stress upon its value as the most practicable medium of co-operation between the country's financial institutions so far suggested. Geo. E. Allen, the Educational Director of the Institute, was present at this meeting and his speech evoked enthusiastic interest.

Invitations are out for an informal dance to be given for Institute members and their friends on December 22d, and the committee in charge of the affair promises a function of unusual attractiveness.

Many merited congratulations are being extended by his fellow members of the chapter to C. G. Chase, lately elected Assistant Trust Officer of the St. Louis Union Trust Company.

#### ST. PAUL.

By Owen E. Thomas.

THE season's activities have again been renewed in St. Paul and we look forward to a very lively season. Our membership for this season is equal to, if not better, than last season, which means that we have as chapter members, between 90 and 95 per cent. of the bank men in St. Paul. Our first meeting of the season was held at Chapter Headquarters October 9, 1911, and a very large percentage of the members were present. It was a very interesting meeting to be sure. The delegates who represented St. Paul Chapter at the Rochester Convention were called on in turn to give an account of the way in which they spent their spare moments while away from St. Paul, and we received from them a very good outline of the trip to and from the Convention, the good times they had in mingling with the rest of the boys and the work accomplished while away.

We take the opportunity at this time to thank the chapters who through their delegates helped to elect one of our members to the office of treasurer, and we know that in this office he will serve the national organization as faithfully as he has served St. Paul Chapter.

November 4, 1911, the St. Paul delegates entertained the Minneapolis delegation at a dinner given in their honor at the St. Paul Hotel, and we spent a most enjoyable evening together. St. Paul is but a short distance from Minneapolis, and as they are building very rapidly toward each other, it is only a question of time when the two cities will be one great center of trade. If these get together, meetings with Minneapolis Chapter, if as often as we plan they shall be, in the event of the consolidation of the two cities, our two chapters will be entirely unaf-

ected, having already advanced far beyond this stage.

November 13th we had as speaker of the evening, Mr. Doudiet, a Minneapolis tea broker, who proved to be a most entertaining speaker. In all his travels to eastern markets he has come in contact with many things of interest regarding the customs and dealings of the people of these foreign countries and in the one evening, which indeed was a very short time to allow such a speaker, he gave us a very clear comparison between these people and those of our own country. He spoke of the cramped conditions in China and Japan, of the comparatively small areas of land from which these people gain a livelihood, and the amazing results obtained through proper care of their farms and plantations. In America he spoke of the vast areas going to waste through the lack of expert knowledge regarding rotation of crops and care of farms, that the American farmer was to decide the question not: How much can I get out of this farm? but rather, In what way can I keep the soil in good condition and still have good crops? Enough to say that in this address we were given many true facts regarding our people as well as those of foreign countries.

The educational committee has its regular class in working order studying banking and finance, with the National Bank Act as a post-graduate course. The class is being conducted by J. A. Pearson, formerly President of our chapter, but who has since left our ranks and is now practicing law in St. Paul. The members of the class are well acquainted with Mr. Pearson and we look forward to their being very much interested in the work under his leadership.

#### SAN FRANCISCO.

By Wm. A. Marcus.

THE beginning of November found San Francisco Chapter touching a new high water mark in its number of members, in its various social activities and in the efficiency of its educational work. Our roll now boasts four hundred and twenty-five active members, a gain of about sixty since last November. One of the largest banks in the city has offered to pay the monthly chapter dues of all its employees who attend a majority of its educational meetings. Evidently, the officers of this bank, recognize the value of institute training.

On Wednesday evening, November 15, the chapter rooms were filled to hear the talk given by Prof. Henry Morse Stephens on "The Origin of Banking in Italy." He spoke interestingly of the causes leading up to the establishment of the Bank of St. George at Genoa, the great national bank, which for nearly three hundred and fifty years, occupied a commanding position in the financial affairs of Europe. He traced the development of the banking business among the wealthy Genoese merchants from the time of Jewish control, before the thirteenth century to the wreck of the bank at the close of the eighteenth century. It was during the time of the crusade, that the prosperous bankers of Genoa combined their resources and formed the Bank of St. George, controlling, not only the finance of Italy

and other countries, but also actually managing the governmental affairs of some of the Italian possessions, notably the Island of Corsica. For about one hundred and fifty years the Bank of St. George at Genoa financed the entire Spanish Government, and was always able to lend to the other European nations. Professor Stephens pointed out an interesting parallelism in the methods of accounting and in the means taken to protect depositors and stockholders between this historic bank and those of any modern banking institution. The bank was finally wrecked, after its wonderful life, by Napoleon, who took its vast resources to carry on his wars of conquest.

Nine of the large banks are participating in a bowling tournament, which is scheduled for every Monday, Wednesday and Friday evening, until the close of the year.

The entertainment committee have concluded arrangements for our annual ball at the Fairmont Hotel, on the evening of December 12.

### SEATTLE.

By Ross MacDonald.

WITH the taste of turkey and cranberry sauce yet lingering and a reminiscent tightness of the belt to spur us on to such thoughts perhaps it might be fitting and seasonable to enumerate a few of the reasons why Seattle Chapter feels thankful at this particular time. The recital is not given in any invidious spirit, but merely to express appreciation of blessings enjoyed and to give thanks to whom thanks are due.

This chapter is thankful that it has such a wide-awake and progressive president and board of governors.

It is thankful that apparently all "political hatchets" are buried for good. Incidentally it might be stated that historical research reveals the fact that the celebrated case of one Washington does not furnish the only example where considerable havoc was wrought by a little hatchet.

Especially thankful is this chapter that it is now established in its own home. That this happy state of affairs was made possible by a generous cash donation from the Seattle Clearing House and presents of furniture from the individual banks is something we take pleasure in admitting and we take further pleasure in acknowledging our debt of gratitude for the same. The quarters are commodious and comfortable and on November 28, when opened for the first public inspection, were admired by a large concourse of chapter members and other bank men. The rooms will be open every evening, affording a convenient place for study and informal gatherings, as well as for the regular monthly meetings and the weekly meetings of the study class.

The study class would likely be mentioned as the chief of our blessings by many of our members. The regularly prescribed Institute course in banking and finance is being followed under the leadership of George Hannon. The chapter counts itself fortunate that a man of Mr. Hannon's admitted capabilities can arrange to spare time from his other duties to direct our educational work. A deep stu-

dent himself, Mr. Hannon possesses to a marked degree the teaching instinct and consequently we find his lectures pleasant and interesting as well as instructive. At present the class has an enrollment of one hundred and twenty-five, among whom are some fifty new chapter members who were attracted to Institute membership by the educational opportunities offered.

Another thing wherein Seattle Chapter feels Fate has dealt kindly with it, is the combination of circumstances which has brought R. H. MacMichael, the retiring Institute president to live in Seattle and to membership in Seattle Chapter. Mr. MacMichael has assumed charge of the bond department of the Dexter Horton National Bank; and, if he likes us and our city as well as we already like him, our chapter will benefit for many years to come by his enthusiasm, experience and kindly counsel.

### WASHINGTON.

By Harry V. Haynes.

WASHINGTON Chapter does not wish to be boastful of its educational work, but it wants the fact to be made known that it has met with a measure of success this year which is unprecedented in its history.

Six consecutive weekly meetings, devoted solely to lectures on economics and kindred subjects, have so far been held, and, notwithstanding there has not been the least attraction of a social character, the attendance has been a record-breaking one up to the last meeting, and at this the number surpassed all previous figures. The six lectures were given by Dr. C. W. A. Veditz, of George Washington University, and those to follow, with the exception of two, or possibly three, which Dr. Veditz will give later on, will be by prominent practical men.

President Evans and Chairman Spaid have now no reason to fear that the number of certificate men that Washington Chapter will have at the end of the year's work will fall short of the original estimate of fifty. The members themselves will see to it. They are out for the certificates and are going about the job with a determination that means success. It is a real pleasure for those in charge of the work to feel that their efforts are meeting with such sincere appreciation.

The time is not yet opportune here to undertake any systematic advanced studies, but the idea is under discussion, and, next year, without doubt, will find something of the kind in operation, in addition to the courses prescribed by the Institute.

It is, of course, not the desire or intention to eliminate the social features. On the other hand, they will be provided with as much painstaking care as in the past. On the night of December 7 the first smoker will be held, under the direction of Arthur Nyman, Chairman of the Entertainment Committee.

On the night of February 10, the annual banquet will be held at the Raleigh Hotel. The banquet committee, of which the writer is chairman, commenced its labors at an early date in order to have things in good shape before the rush of bank work incident to the new year.

