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OCTOBER, 1911.

No. 4

## OFFICERS AMERICAN BANKERS ASSOCIATION, 1910-1911.

### PRESIDENT:

F. O. WATTS, President First National Bank, Nashville, Tenn.

### FIRST VICE-PRESIDENT:

WILLIAM LIVINGSTONE, Pres. Dime Sav. Bank, Detroit, Mich.

### CHAIRMAN EXECUTIVE COUNCIL:

CHARLES H. HUTTIG, Pres. Third Nat. Bank, St. Louis, Mo.

### GENERAL SECRETARY:

FRED. E. FARNSWORTH, Eleven Pine Street, New York City.

### TREASURER:

ARTHUR REYNOLDS, Pres. Des Moines Nat. Bank, Des Moines, Ia.

### ASSISTANT SECRETARY:

WILLIAM G. FITZWILSON, Eleven Pine Street, New York City.

### GENERAL COUNSEL:

THOMAS E. PATON, Eleven Pine Street, New York City.

### MANAGER PROTECTIVE DEPARTMENT:

L. W. GAMMON, Eleven Pine Street, New York City.

## NEW ORLEANS CONVENTION.

THERE seems to be more than usual interest centering in the New Orleans Convention, this being evidenced by the fact that the Convention bids fair to be one of the largest, if not the largest, Convention ever held by the American Bankers Association.

New Orleans is splendidly equipped with hotel accommodations, as well as reliable and desirable private hotels and boarding-houses. Inasmuch as during the Mardi Gras season about 40,000 people are entertained, it becomes self-evident that, with the increased attendance at this Convention, all who desire to attend cannot be entertained at the six principal hotels.

The Hotel Committee is prepared to provide good quarters for all who wish to be present, having made a systematic investigation for the accommodations which they will offer. Those who have not yet secured accommodations should address William Allen, Secretary, Committee on Hotel Accommodations, 337 Carondelet Street, New Orleans, Louisiana.

The Administrative Committee is endeavoring to co-operate with the New Orleans local committees, with a view to having no conflict between the business sessions and the entertainment which New Orleans is providing lavishly, so that the Convention itself, the various committees and the several Sections can hold sessions without counter-attractions. This determination has caused a slight change in the program previously announced.

The visit to the City Waterworks Plant and the Polo Game have been assigned to Monday afternoon instead of Wednesday. For the excursion of Thursday afternoon to Kenilworth Sugar Plantation the boats will start from the head of



A SKY LINE OF MODERN NEW ORLEANS.

Central street at 3 o'clock, instead of 2.30, as previously announced. The gala performance to be given at the French Opera House on Friday evening at 8 o'clock will be augmented by additional performances at four opera houses and theatres which have been engaged by the local committee for this purpose.

The general headquarters and Association regis-

tration bureau, as well as the registration rooms for the several Sections will be at the St. Charles Hotel, where also all committee meetings will be held.

The annual banquet tendered by the New Orleans bankers to the Executive Council will take place at the Grunewald Hotel on Monday evening.

The Convention proper will meet in the Athenaeum, on St. Charles Street, a splendid building for this purpose, the property of a club, with comfortable ante-rooms, parlors, reception rooms and fine large hall, about nine blocks from the St. Charles Hotel, and convenient to three or four lines of street cars.

The official program will not be issued until immediately prior to the Convention, that it may embody in full detail every feature of the week's work. Monday, November 20th, has been designated as "committee day." All committees will meet during the forenoon, and the Executive Council is to gather in the afternoon. The Convention proper will be held on Tuesday, Wednesday and Friday, one extra day being given to the Convention this year on account of the importance of the discussion relating to banking and currency legislation. The usual routine for the first day of the Convention, Tuesday, will consist of addresses of welcome, response, President's address, reports of officers and committees. The various Sections will hold their meetings on Thursday.

The entertainment program as laid out by the New Orleans bankers will not be allowed to interfere with the business-sessions. Much of the time of the Convention will be given to the addresses on the National Reserve Association as represented in the Aldrich plan and its modifications. The list of

speakers is incomplete today, and will be announced in the next issue of the "Journal-Bulletin." The subjects assigned to individual speakers are listed below:

It will be noted that every phase of the Aldrich plan has been covered and the exposition of this subject should be thorough.

- The Proposed Monetary Plan.
- Trade Depression and Panics.
- Trade Expansion and Crop Movements.
- The Organization and Control of the National Reserve Association.
- The Relation of the National Reserve Association to the Government.
- Relation of the State Banks, Savings Banks and Trust Companies to the National Reserve Association.
- Circulating Credits.
- Rediscounts and Book Credits.
- Bank Acceptances and the Creation of a Discount Market.
- The Mobilization and Control of the Reserves of the Country.
- Interest Rates, Earnings, Dividends and Taxations.
- Keeping the National Reserve Association apart from Partisan Politics and Special Control.
- The Needs of the Farm and Its Benefits from the National Reserve Association.
- Benefits from the National Reserve Association to the Manufacturer and Laborer.
- Benefits of the National Reserve Association to the Country as a Whole.
- Relation of the National Reserve Association to Foreign Trade and Banks and the World's Financial Center.



AMERICAN BANKERS' ASSOCIATION NEW ORLEANS

1911

DELEGATE'S CARD AND THE GUESTS ACCOMPANYING HIM.

(See Printed Matter Below)

*"Each member of the Association can be represented by one delegate, as per the Constitution, and such delegate is authorized to bring one guest, if a member of his family, or some one connected with his bank; any other guest is required to pay ten dollars for the privileges of the Convention."*

*By order of the Executive Council.*

Name..... City.....  
 Official Position..... State.....  
 Name of Bank..... Hotel.....  
 Guest accompanying..... What relation or title.....  
 Extra Guest..... " " " " .....

Is the Institution you represent a member?.....

Delivered to.....

No one representing a banker or banking institution is accorded the privilege of registering unless such banker or banking institution is a member. If membership is desired, application blank will be furnished at once.

FAC-SIMILE OF REGISTRATION CARD.

#### REGISTRATION AT THE CONVENTION.

The attention of our members is called to the importance of having it understood in advance of the registering at our Convention as to who the delegate will be as well as the guest accompanying such delegate, if of course there should be one. In the latter case it should also be decided in advance as to who will do the registering and receive the badges and invitations, for it is desired that one person, representing a member, register for those who are in attendance at the Convention on account of such membership.

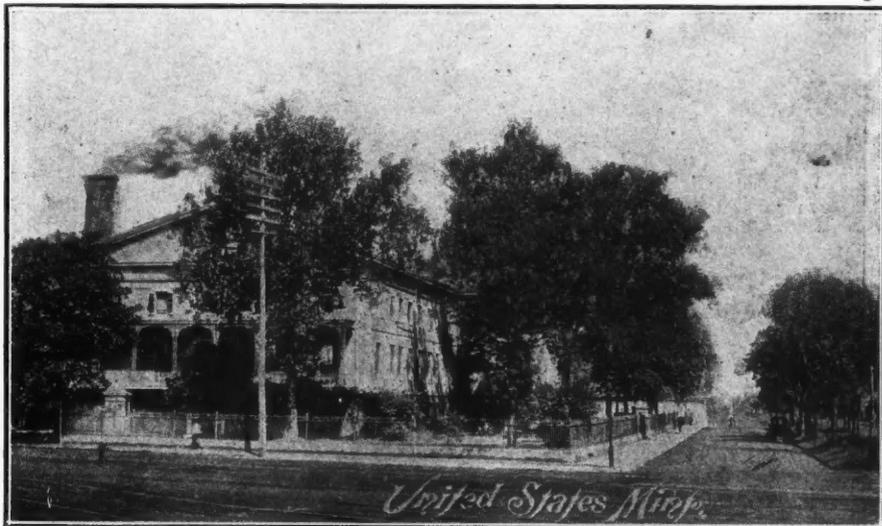
Our members' attention is also called to the form of registration card, a fac-simile of which is reproduced on the opposite page. A perusal of same is requested in order that you may be informed as to the questions which will have to be answered.

It has been demonstrated that this system of registration prevents to a considerable extent errors

#### NOMINATIONS MADE AT CONVENTIONS OF THE STATE BANKERS' ASSOCIATIONS AND CERTIFIED TO THE AMERICAN BANKERS' ASSOCIATION BY THE SECRETARIES OF THOSE ASSOCIATIONS TO OCTOBER 5TH, 1911, INCLUSIVE.

##### Members of the Executive Council.

- California: James K. Lynch, Vice-President First National Bank, San Francisco; W. H. High, Assistant Cashier Anglo & London Paris National Bank, San Francisco.
- Florida: John T. Dismukes, President First National Bank, St. Augustine.
- Illinois: Nelson H. Greene, Vice-President Peoples Savings Bank & Trust Co., Moline.
- Iowa: Arthur Reynolds, President Des Moines National Bank, Des Moines.



UNITED STATES MINT, NEW ORLEANS.

in the printing of names and facilitates matters materially. By giving the information direct to the operator instead of writing your registration card by longhand, we at once have a clear record for the printer as well as a carbon copy for our own files.

For extra guests (being those other than one guest allowed to accompany the delegate under the resolution of the Executive Council as shown on the registration card) there will be a charge of \$10.00 for each name registered.

Rapid typewriters will do the registering for you and we therefore trust that you will promptly answer the questions asked by them, speaking plainly in order to avoid possible mistakes and when receiving the registration blanks from the typewriter, peruse same; see if the answers are properly recorded, and your name correctly spelled, and, if so, turn these slips in and receive your badges and souvenirs accordingly.

The Association will publish daily its own registration list.

- Kansas: P. W. Goebel, 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 Chautauqua County Bank, Jamestown.
- North Carolina: J. Elwood Cox, President Commercial National Bank, High Point.
- North Dakota: H. P. Beckwith, Vice-President Northern Trust Company, Fargo.
- Ohio: R. B. Crane, Vice-President National Bank of Commerce, Toledo.

- Oklahoma: L. A. Wilson, President First National Bank, El Reno.
- Pennsylvania: Robert E. James, President Easton Trust Co., Easton; Joseph 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.
- West Virginia: W. B. Irvine, President National Bank of West Virginia, Wheeling.
- For Vice-Presidents of the Different States and Territories:**
- Alabama: Michael Cody, President Exchange National Bank, Montgomery.
- Arkansas: John Q. Wolf, Cashier National Bank of Batesville, Batesville.
- Iowa: George S. Parkor, President Live Stock National Bank, Sioux City.
- Kansas: John T. Denton, President Grenola State Bank, Grenola.
- Louisiana: James 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 Company, 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.
- Nebraska: E. J. Wightman, Cashier, First National Bank, York.
- New Jersey: Adrian Lyon, President Perth Amboy Savings Institution, Perth Amboy.



A NEW ORLEANS PUBLIC SCHOOL.

- California: F. L. Lipman, Vice-President Wells Fargo Nevada National Bank, San Francisco.
- Colorado: C. C. Parks, Cashier First National Bank, Greenwood Springs.
- Connecticut: Joseph H. King, President American National Bank, Hartford.
- Florida: T. T. Munroe, President Munroe & Chamberliss Bank, Ocala.
- Georgia: W. C. Lanier, President First National Bank, West Point.
- Idaho: J. A. Givens, President Bank of Nampa, Nampa.
- Illinois: William A. Heath, President Live Stock Exchange National Bank, Chicago.
- New York: F. E. Lyford, President First National Bank, Waverly.
- North Carolina: James P. Sawyer, President Battery Park Bank, Asheville.
- North Dakota: A. I. Hunter, Cashier Union National Bank, Grand Forks.
- Ohio: William L. Allendorf, Cashier Commercial National Bank, Sandusky.
- Oklahoma: A. L. Churchill, Cashier First National Bank, Vinita.
- 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: Jo. 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: James T. Joyce, Vice-President Union National Bank, Eau Claire.

**Members of Nominating Committee.**

Alabama: Louis B. Farley, President New Farley National Bank, Montgomery.  
 Arkansas: Jo. Nichol, Cashier Simmons National Bank, Pine Bluff.  
 California: J. F. Sartori, President Security Savings Bank, Los Angeles.  
 Colorado: W. L. Bush, President First National Bank, Idaho Springs.  
 Connecticut: Chas. E. Hoyt, Secretary and Treasurer South Norwalk Trust Co., South Norwalk.  
 Florida: C. W. Lamar, President American National Bank, Pensacola.  
 Georgia: L. C. Hayne, President Planters Loan & Savings Bank, Augusta.  
 Idaho: Frank R. Coffin, President Boise City National Bank, Boise.  
 Illinois: S. E. Bradt, Vice-President First National Bank, De Kalb.  
 Iowa: J. A. Dunlap, Cashier Keokuk National Bank, Keokuk.  
 Kansas: John R. Mulvane, President Bank of Topeka, Topeka.  
 Kentucky: J. W. Porter, Cashier First National Bank, Lexington.  
 Louisiana: W. F. Voorhies, Assistant Cashier First National Bank, Shreveport.  
 Maryland: Waldo Newcomer, President National Exchange Bank, Baltimore.  
 Massachusetts: Geo. W. Hyde, Assistant Cashier First National Bank, Boston.  
 Michigan: Julius H. Haass, President Home Savings Bank, Detroit.  
 Minnesota: Cliff W. Gress, Cashier Citizens State Bank, Cannon Falls.  
 Mississippi: Blanch A. Weaver, President Columbus Insurance & Banking Co., Columbus.  
 Missouri: H. W. Harris, President Third National Bank, Sedalia.  
 Nebraska: C. E. Burnham, President Norfolk National Bank, Norfolk.  
 New Jersey: C. H. K. Halsey, President Union County Trust Co., Elizabeth.  
 New York: Stephen M. Clement, President Marine National Bank, Buffalo.  
 North Carolina: John F. Willy, Cashier Fidelity Bank, Durham.  
 North Dakota: E. Beissbarth, President First National Bank, Brinsmade.

Ohio: George P. Jones, Cashier First National Bank, Findlay.  
 Oklahoma: G. D. Davis, Cashier Bank of Claremore, Claremore.  
 Pennsylvania: Roland L. Taylor, President Phila. Trust, Safe Deposit & Insurance Co., Phila.  
 South Carolina: J. S. Wannamaker, President St. Matthews Savings Bank, St. Matthews.  
 South Dakota: J. E. Platt, Cashier Security Bank, Clark.  
 Tennessee: C. A. Lyerly, President First National Bank, Chattanooga.  
 Texas: Nathan Adams, Cashier American Exchange National Bank, Dallas.  
 Virginia: P. M. Pollard, Cashier Petersburg Savings & Insurance Co., Petersburg.  
 Washington: N. H. Latimer, President Dexter-Horton National Bank, Seattle.  
 West Virginia: James K. Oney, Cashier Huntington National Bank, Huntington.  
 Wisconsin: E. A. Dow, President State Bank, Plymouth.

**MONTANA:**

E. J. Bowman, Vice-President Daly Bank & Trust Company, Anaconda, was nominated for membership on our Executive Council. A vacancy exists owing to the fact that Harry Yeager is now a National Bank Examiner, and our Executive Council, under the Constitution, is empowered to fill the same. Mr. Bowman's name will, however, be submitted to the Executive Council as Montana's choice.

F. S. Lusk, President of the First National Bank, Missoula, was nominated for Vice-President for Montana, but as he cannot succeed himself, the executive officers of that Association have adjusted the matter by selecting him to serve on our General Nominating Committee.

D. R. Peeler, President Bank of Commerce, Kalispell, was appointed to serve on our Nominating Committee, but the executive officers of the Montana Bankers' Association having since selected Mr. Lusk for that position owing to the statement above made, have adjusted the matter by presenting the name of Mr. Peeler for Vice-President of this Association for Montana.

For member of the Executive Council from States and Territories where the membership in the American Bankers Association is less than 100, a nomination will be made at our convention by the Nominating Committee, composed of the Vice-Presidents of such States and Territories. This same committee will also nominate Vice-Presidents for these States and Territories and select a member of the Nominating Committee for each State so represented.

For members of the Executive Council representing the Trust Company Section, the Savings Bank Section, the Clearing House Section, the American Institute of Banking Section and the State Secretaries Section, nominations will be presented by the General Nominating Committee in its report to the convention.



A CREOLE RESIDENCE OF NEW ORLEANS.

**REDUCED RAILROAD RATES TO THE CONVENTION.**

**New England**—New England Passenger Association: Matter of rates to be considered, and no doubt reduced rates will be granted. Members will be duly advised in the next issue of the Journal.

**New York and the East**—Trunk Line Association: Reduced rates have been authorized and tickets will be sold from November 15th to 20th, inclusive, final limit to reach to original starting point not later than November 30th. Extensions of final limit for those traveling from this territory, and stop-over privileges, are the same as referred to in the South Eastern Passenger Association's territory.

Special agency for the extension of tickets, also the same. Diverse route tickets will be sold at an increase of \$10; but those desiring the same should consult their local ticket agent for detailed information in regard thereto.

**Central States**—Central Passenger Association: The fare going and returning by the same route will be one and one-half the fare for the round trip. Diverse tickets will be sold at an increased cost of \$10 from special points which our members can be informed of upon inquiry of their local ticket agent. Tickets will be sold from November 16th to 20th, 1911, inclusive. Return limit and extension of final return limit for tickets purchased in this territory are the same as stated in the paragraph relating to the South Eastern Passenger Association's territory. Stop-over privileges also the same.

**Chicago West**—Western Passenger Association: Reduced fares still under consideration. When definite information is received our members will be advised through our November Journal. No doubt a reduction of fares will be granted.

**Pacific Coast States**—Trans-Continental Passenger Association: Regular nine months' tourists fares

approximating 2c. per mile in each direction, or about one fare and one-third for the round trip will be in effect daily from California and the North Pacific Coast Common Points. As an example: From California to New Orleans and return via direct route, \$102; from North Pacific Coast Common Points to New Orleans and return via direct route, \$120. These nine months' tourists tickets are sold only from the States of California, Nevada, Oregon and Washington.

**South East**—Southeastern Passenger Association: This Association has published a Joint Passenger Tariff covering reduced rates from its territory in connection with those attending our Convention. The fares, rules and regulations are the separate fares, rules and regulations of each of the individual carriers and their connections from points on their respective initial lines as specified to New Orleans and return.

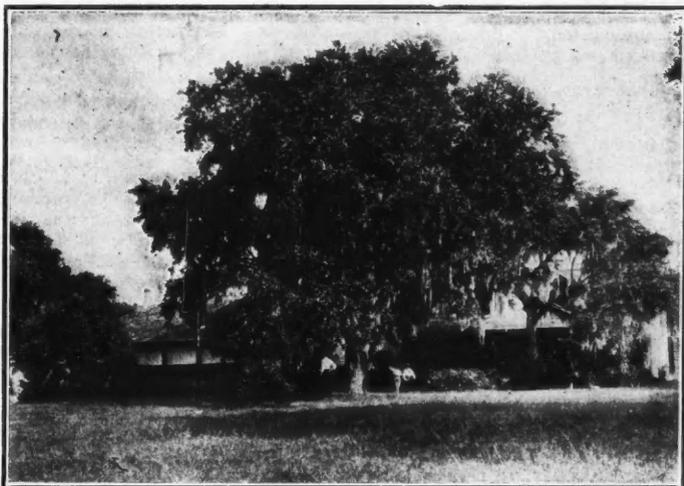
Tickets are to read via the same route in each direction with the exception of a few diverse routes as listed.

Dates of sale, November 17 to 20, inclusive, and for trains scheduled to arrive in New Orleans, La., not later than noon of November 21, 1911. **EXCEPTION.** Agents at Washington, D. C., will sell tickets on November 15 to 20, 1911, inclusive.

**Form of Tickets and Transit Limits**—Non-transferable tickets requiring signature by original purchasers in presence of ticket sellers at time of purchase will be sold, with a few exceptions.

Going trip must begin on sale indicated on ticket, and return trip must begin on date stamped on ticket by Validating Agent at destination and final return limit to reach original starting point is November 30, 1911, unless deposited at New Orleans for extension as hereinafter referred to.

**Extension of Final Limit**—Original purchasers of



A LOUISIANA LIVE OAK.

tickets sold in this territory may secure an extension of the final limit up to and including December 26, 1911, by personally depositing their tickets with Joseph Richardson, Special Agent, not later than November 30, 1911, and upon payment of fee of \$1.00 per ticket at time of deposit, at which time a receipt reading as follows will be issued:

"On presentation of this receipt to Joseph Richardson, Special Agent, 708 Common Street, New Orleans, La., by the original purchaser in person of ticket deposited this date for extension and covered by this receipt, ticket so deposited will be returned to the original purchaser in person. Return trip must be commenced on date ticket is withdrawn from deposit. Ticket covered by this receipt should be withdrawn from deposit in time to enable original purchaser to complete return journey to original starting point within transit limit specified in ticket covered by this receipt, but before midnight of December 26, 1911. The office of the Special Agent will be open between the hours of 8.00 a. m. and 7.30 p. m. week days, and 8.00 a. m. to 10.00 a. m. and 3.00 p. m. to 5.00 p. m., Sundays, daily to and including December 26, 1911"

When the original purchaser is ready to resume return journey and withdraws ticket from deposit the Special Agent will attach an extension certificate form A. B. A.

**Stop-Overs**—For stop-over privileges it is well to consult your railroad agent. They will be allowed in many cases, but there are a few exceptions.

**South West**—Southwestern Passenger Association: Rate: Open rate of one fare plus twenty-five cents for the round trip from all points in Louisiana (under the jurisdiction of this Association) to New Orleans, La., and return. Open rate of fare and one-third, with a minimum of two cents per mile in each

direction, for the round trip from all points in Arkansas, Missouri, Kansas, Oklahoma and Texas (under the jurisdiction of this Association) to New Orleans, La., and return.

**Dates of Sale:** Tickets to be on sale from points in Louisiana (under the jurisdiction of this Association) November 17-20, inclusive, and for trains arriving at New Orleans before noon of November 21, 1911; from points in Arkansas and Texas, November 17-20, inclusive, 1911, and from points in Missouri, Kansas and Oklahoma (under the jurisdiction of this Association) November 16-20, inclusive, 1911.

**Final Limit**—Tickets to bear final return limit to reach original starting point prior to midnight of November 30, 1911.

**Stop-Overs**—Stop-overs will be permitted on tickets sold for this occasion at the same stations and under the same conditions as stop-overs on Winter Tourist Excursion tickets for season 1911-12.

Many of the various railroads operating in this territory have agreed to an extension of limit of tickets by depositing the same with Special Agent at New Orleans not later than November 30, 1911, and upon payment of fee of \$1.00 per ticket at time of deposit, up to and including December 26, 1911.

Southwestern Passenger Association Lines will authorize and participate in side trip from New Orleans to Mexico City, Mex., and return, at rate of \$43.55 for the round trip; tickets to be on sale November 25, 26 and 27, 1911, limited for return twenty-five days from date of sale.

For sections of the country not covered above, we assume that the various railroad companies therein will grant reduced rates, and therefore application should be made direct to your local railroad agent regarding the same.

**SPECIAL TRAINS TO NEW ORLEANS.**

**R**EPORTS from the various committees having in charge arrangements for special trains from different sections of the country to New Orleans, indicate a very large attendance at the Convention.

The equipment, itinerary and other details pertaining to some of the specials are as follows:

**From New York.**

The equipment of the four special trains of the New York Central Lines known as the "Red," "White," "Blue" and "Green" sections, is new, of steel construction throughout; and this will be its initial trip. Each train contains drawing-room and open section sleeping cars, staterooms, observation, and dining cars. The drawing-room accommodates three persons, and the staterooms two persons, each room having complete toilet conveniences. A combination buffet-smoking-library car, with barber shop and bath, will be known as the Gentlemen's Club Car, and the observation car will be known as the Ladies' Club Car. Each train will also carry ladies' maid, barber, valet, stenographer, daily stock market reports, daily newspapers, magazines and illustrated weeklies, financial periodicals and bank directories. Victrola concerts will be given every evening in the dining car, and afternoon tea provided for the ladies in the observation car, in which is installed an Aeolian player-piano.

Passengers will be entitled to the usual free allowance of baggage, with access thereto at any time while en route.

The following is the itinerary of the "Red Section": Leave New York (Grand Central Terminal) Wednesday, November 15, at 7.55 p. m. Stops en route at Albany, Utica, Syracuse, Cleveland, Indianapolis, Mattoon, Cairo, Memphis, arriving at Vicksburg 12 noon on Friday, November 17. At Vicksburg the party, as the guests of the Vicksburg Clearing House Association, will take a thirty-mile automobile drive through National Park, and be served with a dinner. Leave Vicksburg at 12 midnight, arriving at New Orleans Saturday, November 18, at 7.30 a. m.

The "White Section" leaves New York (Grand Central Terminal) on Friday, November 17, at 9.30 a. m., via Albany, Syracuse, Rochester, Buffalo and Erie, arriving at Cleveland at 9.20 p. m. and leaving at 9.30 p. m., via Springfield, Dayton, Cincinnati, Louisville, arriving at Nashville Saturday, November 18, at 1 p. m.

At Nashville there will be an automobile ride to The Hermitage, the former home of the late General Jackson (compliments of the Nashville Clearing House Association). The train leaves Nashville at 4.30 p. m., arriving at New Orleans Sunday, November 19, at 9.30 a. m.

The "Blue" and "Green" sections leave New York (Grand Central Terminal) Saturday, November 18, at 4 p. m.

These sections will be operated on a fast schedule, as sections of the 20th Century Limited, and travel the same route as that of the "Red Section," arriving in New Orleans Monday, November 20, at 8 a. m.

The return schedule of the "Red Section" is as follows: Leave New Orleans, Friday, November 24, at 12 midnight, arriving at Chattanooga the next day at 2 p. m.

A sunset drive will be taken to Missionary Ridge and the Chickamauga battlefield. Dinner served at the Hotel Patten.

Leave Chattanooga at 9.55 p. m., arriving at Cincinnati, Springfield and Columbus, respectively, Sunday morning; Cleveland Sunday afternoon; Buffalo and Rochester Sunday evening; Syracuse and New York, also Springfield, Worcester and Boston Monday morning, November 27.

Other specials will leave New Orleans Friday night for the different return trips to accommodate those who do not participate in the cruise to Panama. The "White Section" and the "Blue" and "Green" sections will leave New Orleans on the return trip on arrival of the special steamers from Panama, the trains leaving New Orleans on Thursday, December 7, at 10 a. m.

The special train of the Pennsylvania Road will be of steel equipment and consist of a Pullman parlor-smoking car with barber-shop, dining car, drawing-room and compartment sleeping cars and observation car. A stenographer will be located in the observation car, whose services will be at the disposal of the party. A Weber pianola will also be in the observation car.

Passengers can have access to their trunks in the baggage car at any time.

The special leaves New York (Pennsylvania Station) Thursday, November 16, at 6.04 p. m., via Philadelphia, arriving at Harrisburg at 11.15 p. m.

A train leaves Washington, D. C., at 7 p. m., arriving at Harrisburg at 10.25 p. m., and connects with the special. Leave Harrisburg at 11.35 p. m., arriving at Luray, Va., on Friday, November 17, at 4.15 a. m., at which place a visit will be made to the Luray Caverns. Leave Luray at 10.45 a. m., arriving at Natural Bridge Station, Va., at 2.15 p. m., where the tourists will take a three-mile drive to the Natural Bridge. Leave Natural Bridge at 6.30 p. m., arriving at Chattanooga Saturday, November 18, at 8.30 a. m. Drive to Missionary Ridge and over Chickamauga Battlefield; luncheon at Hotel Patten; trip up Look-out Mountain. Leave Chattanooga at 6.30 p. m., arriving at New Orleans Sunday morning, November 19, at 9.15.

The return schedule is as follows: Leave New Orleans Friday night, November 24, at 11 o'clock, arriving at Birmingham, Ala., on Saturday morning, November 25, at 9.30, where visits will be paid to points of interest in the vicinity. Leave Birmingham at 1 p. m., arriving at Ashville, N. C., on Sunday, November 26, at 2 a. m. Drive to points of interest; luncheon at Battery Park Hotel. Leave Ashville at 7.35 p. m., arriving at Philadelphia Monday, November 27, at 6.23 p. m., and at New York at 8.42 p. m.

A second special ("New Orleans Limited") will leave New York (Pennsylvania Station), on Saturday, November 18, at 4.38 p. m. A train will leave Washington at 10.45 p. m., and connect with the special, arriving at New Orleans Monday morning, November 20, at 7.50 a. m.

The schedule for the return trip is as follows: Leave New Orleans Friday evening, November 24, at 8 p. m., arriving at Washington Sunday, November 26, at 6.30 a. m., and New York 12.12 p. m.

**From Boston.**

A special, also known as the "Green Section" of the New York Central Lines and run under the auspices of the Massachusetts Bankers Association, leaves Boston (South Station) Saturday, November 18, at 1.30 P. M. and travels the same route as the "Red Section," arriving in New Orleans Monday, November 20, at 8 a. m.

**From Cleveland.**

The Ohio Bankers Special of the New York Central Lines will leave Cleveland on Friday, November 17, at 3 p. m., via Big Four route, arriving at Cincinnati at 9.40 p. m. A sleeper leaves Toledo at 2 p. m., via Big Four route and will be attached to the special at Cincinnati, where the entire train will be made up and leave there at 10.45 p. m. as the Ohio Bankers Special, going via Louisville and Nashville Railroad, arriving at Nashville Saturday, November 18, at 9 a. m., in which city an automobile ride will be taken in and around the city and out to The Hermitage. Leave Nashville at 12.10 p. m. Stops will be made and miscellaneous entertainment provided at Birmingham and Mobile, Ala. At Biloxi the party will board special trains of open trolley cars along the Mexican Gulf coast to Gulfport and Pass Christian. Leave Pass Christian on Sunday at 3.15 p. m., arriving at New Orleans at 5 p. m.

The Ohio Special for the return trip will leave New Orleans on Friday, November 24, at 11 p. m., via Illinois Central. On the return trip the party will stop en route at Vicksburg and Memphis, in which cities special entertainment has been provided for the party.

**From Chicago.**

The big Chicago Special Train De Luxe of the Illinois Central Railroad will leave that city on Friday, November 17, at 5 p. m., arriving at New Orleans Saturday, November 18, at the same hour.

The train will be equipped with high class drawing-room or compartment cars, in addition to observation car, dining car, etc., and will be par excellence in every particular.

**From St. Louis and Kansas City.**

The Missouri-Kansas Bankers Special will be run from St. Louis and Kansas City under the supervision of the Missouri and Kansas Bankers Associations. Two trains leave Kansas City for the Kansas delegates and those from western Missouri, and one train takes the St. Louis members and those living within convenient distance of that city.

The Illinois Central Railroad will be the official route from St. Louis, and the Frisco from Kansas City. At Memphis these trains will unite, and thence will travel to New Orleans, via the Illinois Central.

The Specials are expected to start on the evening of Saturday, November 18, arriving at Memphis early the following morning, where a short stop will be made. Leaving Memphis on the morning of Sunday, November 19, the special will make a daylight trip

to New Orleans, reaching there the evening of the same day. Stops will be made at principal points to accommodate any who desire to board the trains en route.

These trains will be equipped with buffet-library, dining, observation, compartment, standard sleeping cars, etc.

**From Detroit.**

The Michigan Bankers delegation leave Detroit on Friday, November 17, at 8.25 a. m., via the Michigan Central to Chicago, thence by special train to New Orleans, via Illinois Central. Connections will be made with the train at Detroit for delegates coming from the interior of the State.

**From Houston.**

A Texas Bankers Special will leave Houston over the Southern Pacific, Sunday, November 19.

**From Denver.**

Arrangements are being made by President T. Slayback, Secretary of the Colorado Bankers Association, for a special train from Denver. It will be the finest equipped train that ever went out of that city; and it is expected that fully one hundred bankers and their families will be in the party.

**From Various Cities.**

Arrangements are being made for a special train for the members of the State Bankers Associations of Wisconsin, Minnesota, and North, and South Dakota. The party, en route will be entertained for a few hours in some of the Southern cities.

The following is the itinerary:—Leave Milwaukee Friday, November 17th, 1.45 p. m. Arrive Chicago 3.55 p. m.; leave 6.20 p. m. Arrive at Nashville, Saturday, November 18th, 7.55 a. m.; leave 11.30 a. m. Arrive Birmingham 5.30 p. m.; leave 11.00 p. m. Arrive Mobile, Sunday, November 19th, 7 a. m.; leave 11.00 a. m. Arrive Gulfport 1.05 p. m.; leave 3.30 p. m. Arrive at New Orleans, Sunday, November 19th, 5.35 p. m.

**From Atlanta.**

Leave Atlanta via Atlanta and West Point R. R. and Southern Railway, Saturday, November 18th, at 5.20 p. m., arriving at New Orleans Sunday, November 19th at 7.50 a. m.

This special train will carry bankers from practically all seaboard and Southern Railway points south of Richmond and including Richmond to the Florida line.

**THE TRIP TO PANAMA.**

ON Saturday, November 25th, at 12 noon, the new steamships "Sixaola," "Tivives," and "Carrillo," will leave New Orleans for Panama.

These boats, which have been chartered by the New York Central Lines for the exclusive use of the bankers and their friends, are of five thousand tons, and specially constructed for tropical service.

The promenade, cabin, and saloon decks are very spacious and fitted up with social and music rooms with piano, writing tables, etc.; dining room on the saloon deck with a seating capacity of ninety-four;

smoking rooms, entrance halls, private suites and staterooms, baths and toilets, all of which are supplied with artificially cooled air.

All the appurtenances are first-class in every particular. The public rooms, dining saloon, music and social hall, and smoking rooms, are luxuriously furnished, and the staterooms are roomy and comfortable.

There will be an orchestra on each steamer giving regular concerts and providing music for dancing.

The boats will arrive at Colon, on Thursday, November 30th, at 7 a. m., and at 10 o'clock special trains on the Panama Railroad will convey the tourists across the Isthmus, arriving at Panama City 12 noon. Accommodations have been provided at the United States Government Hotel Tivoli. The day will be spent driving to interesting points in and around Panama.

At 8:30 Friday morning the train leaves for Culebra, arriving at 9 o'clock, and from that time until 1 o'clock the tourists will inspect the famous Culebra Cut and the work in that vicinity.

On the return to Panama City, luncheon will be served at the Hotel Tivoli, and a visit paid to the old historic City of Panama.

On Saturday, the special leaves Panama City for Gatun, arriving there at noon, when an hour and a half will be spent in looking over the Gatun dam and locks. Luncheon will be provided at headquarters Commissary Department United States Government.

On the return to Colon at 2 o'clock, the bankers embark on the steamships for the return trip, arriving

at New Orleans, Thursday, December 7th, at 7 a. m. They will then board the "Blue," "Green," and "White" Sections Bankers Special trains, leaving New Orleans at 10 a. m. for home, arriving at New York, Saturday, December 9th, at 9.30 a. m., and Boston 11.50 a. m.

#### SPECIAL EXCURSION TO MEXICO CITY.

THE National Railways of Mexico have completed arrangements for a special excursion from New Orleans to Mexico City at the conclusion of the Convention. Tickets will be placed on sale in New Orleans, November 25th, 26th and 27th, at a round-trip rate of \$43.55, which is \$2.00 more than the regular single fare. Tickets will also be good for stop-overs en route in Mexico and will bear a return limit of twenty-five days from date of sale.

The Republic of Mexico will inaugurate its newly-elected President on December 2d, (the election being scheduled for October), which date will be included in the limit of the ticket.

As the round-trip rate to New Orleans, made by the various railways of the country for the convention, can be extended by depositing tickets with the validating office in New Orleans, it will allow time for this Mexican side-trip.

Any further information desired pertaining to the excursion can be obtained by addressing W. C. Carson, General Eastern Agent, 25 Broad Street, New York City, or Gabe Filleul, General Agent, 915 Whitney-Central Building, New Orleans.

#### MEMBERSHIP DUES FOR THE FISCAL YEAR of 1911-12.

IN accordance with the usual custom of drawing drafts on members for dues, our Treasurer, Mr. Arthur Reynolds, of the Des Moines National Bank, Des Moines, Iowa, has forwarded to all members drafts covering dues for the present fiscal year ending September 1st, 1912.

A stated period of the year is necessary for collecting dues, and we find that the draft system is the most feasible method for it avoids any unnecessary delay in correspondence which might otherwise ensue.

The annual dues are payable in advance, and it is gratifying to report that a much larger portion of these drafts have been paid to date than for any similar period heretofore. Those members who have not up to the present time honored their draft, are respectfully requested to remit promptly to our Treasurer in payment of the same.

#### CIPHER CODE SUPPLEMENT AND CHANGE IN THE KEY TO TEST WORDS.

MEMBERS' attention is again called to a circular letter sent to them dated August 15, 1911, relating to a supplement to our Cipher Code

and the change in the key to the test words in the Code, which became effective September 5th.

The supplement has been compiled in dictionary words (instead of artificial words), and while it MAY be used in place of pages 52 to 60, inclusive, of the Code now in use, it is recommended that our MEMBERS ADOPT THE SUPPLEMENT, as errors in the transmission of telegrams are less likely to occur through the use of dictionary words. Your co-operation in this matter is therefore respectfully requested.

#### ADVANTAGES OF THE A. B. A. CODE.

ONE of our largest member banks in the West writes as follows:

"Regarding the use of the American Bankers Association Code, instructions were recently given to the collection tellers of our Bank and Trust Company that, wherever a choice was offered in the routing of collection items, to give preference to members of the American Bankers Association, in order to be able to give subsequent telegraphic instructions by code.

"We handle many collection items with bills of lading attached, concerning which action ought not to be taken on 'open' telegrams; and we have found the code of inestimable value in this respect."



# TRUST COMPANY SECTION



**N**OTICE has heretofore been given in the Journal (and in a pamphlet containing the addresses delivered at the Trust Company dinner on May 5, which was sent to all members) of the appointment by the Executive Committee of the Section at its meeting in Nashville, Tenn., on May 2, of a "Trust Company Committee on Legislation."

At that meeting the question of the relation of trust companies to the proposed plan of monetary reform as outlined by the National Monetary Commission was very fully discussed, and the following resolution, calling for the appointment of the above Committee, was unanimously adopted:

"Whereas, Important legislation is pending before the people of this country, affecting more or less vitally the interests of trust companies, which may from time to time require prompt attention; now, therefore, be it

"Resolved, That the President of the Section be authorized and directed to appoint a committee of five (5), to consist of the President and First Vice-President and the Chairman of the Executive Committee and two (2) other members of the Section, in whom shall reside the authority to hear and consider recommendations for pending legislation, touching upon or likely to affect the interest of trust companies, and with further authority to make recommendations thereon whenever important legislation is pending before the people of the country affecting more or less vitally the interests of trust companies, which may from time to time require prompt attention; now, therefore, be it

"Resolved, That any actions or expressions of opinion on trust company matters as mentioned in the preceding resolution by trust company officers or others interested in such institutions, shall have weight and influence as regards the members of this Section only in so far as they may coincide with and have the express approval of this Committee; further

"Resolved, That the name of this committee shall be the Trust Company Committee on Legislation, and that vacancies shall be filled as they occur by the then presiding President of the Section, and this Committee shall continue until dissolved by the act of the Executive Committee."

The following committee was thereupon appointed:

Mr. Oliver C. Fuller, President Wisconsin Trust Company, Milwaukee, Wis., Chairman; Mr. Lawrence L. Gillespie, Vice-President Equitable Trust Company, New York City; Mr. F. H. Fries, President Wachovia Bank & Trust Company, Winston-Salem, N. C.; Mr. F. H. Goff, President Cleveland Trust Company, Cleveland, Ohio; Mr. Ralph W. Cutler, President Hartford Trust Company, Hartford, Conn.

This committee has already held several meetings and will again meet early in October at the

Section's office in New York, to consider the very important matters outlined in the resolution creating it and to formulate a plan of action for the future. As will be noted from other pages of this month's Journal, it is expected to devote a very large part of the time at the coming convention to the discussion of Monetary Reform. The several Sections of the Association, more particularly the Savings Bank Section and the Trust Company Section, will join with the main Association in the general discussion of this subject and the discussion which it was intended to hold in the meetings of the Sections will be taken up at a meeting of the Association as a whole.

The vital question of "The Proposed Participation of Trust Companies in the National Reserve Association," which it was purposed to make a feature of the Section's meeting, will therefore be taken up as part of the general meeting of the main Association. The program as outlined in last month's Journal will be adhered to except as above noted.

Membership in the Section now numbers 1,133 members, and it is confidently expected that before the annual meeting the membership will exceed 1,150 companies.

## "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

## MEMBERSHIP IN THE SECTION.

**T**HE total membership of the Savings Bank Section on September first was 1,888, divided as follows: 297 mutual, 592 stock, 227 trust and savings banks, 305 state, 319 national banks and 148 trust companies. Michigan leads the list with 163 members, Pennsylvania 141, Ohio 139, California 133, Illinois 126 and New York 105. The net gain during the year has been 115 and the work of the Savings Bank Section during recent months has been attended by a score or more additions, which would seem to indicate that the work of this department has appealed to the savings bank men of the country sufficiently to invite their participation in our work.

## 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.

## HOW TO OPERATE A SCHOOL SAVINGS BANK.

One of, if not the most, comprehensive treatises on the school savings bank and its practical operation has just been issued from the Secretary's office and will in due course reach each member of the Savings Bank Section. It embodies four practical plans adapted to any set of conditions and will be of no little value to banks wishing to undertake such a work. The Secretary will be glad to assist further if such help is needed. Additional copies may be had upon request.

## NEW ORLEANS CONVENTION.

The program for the Savings Bank Section at New Orleans (given below) is now practically complete. Owing to the pressure of time, it has been found necessary to hold but one session, beginning promptly at nine-thirty and ending at one o'clock in order to permit the delegates to enjoy one of the principal social functions of the Convention later in the afternoon. The program promises to be rich in practical suggestions and has been arranged with

the idea in mind of being exceedingly helpful in its every aspect. The principal addresses will appear in all the financial papers in due course, and will be worthy of a place in every savings bank library.

The savings bank men in attendance at the Convention should make it a point to register in the Savings Bank Section immediately upon arrival, where badges will be provided and every courtesy shown them. Preliminary information may be obtained from the Secretary, who will gladly answer inquiries relative to any part of the Convention arrangements.

## PROGRAM OF CONVENTION OF SAVINGS BANK SECTION AT NEW ORLEANS, THURSDAY, NOVEMBER 23, 1911, AT 9:30 A. M.

Meeting called to order by President Robinson.  
Invocation.

Greetings.

President's Address.

Report of Executive Committee.

Report of Secretary.

Report of Committee on Methods and Systems.

Report of Membership Committee.

Report of Law Committee.

Addresses:

(1) "The Ethics of the Savings Bank," Wm. E. Knox, Comptroller, Bowery Savings Bank, New York.

(2) "Banks and Bankers; their ways and byways as they appear to Jack Lafaience," J. J. McLoughlin, Attorney, New Orleans, La.

(3) "Departmental Banking Laws; Regulation and Segregation," J. F. Sartori, President Security Savings Bank, Los Angeles, California.

(4) "The Public and the Savings Bank Idea," E. St. Elmo Lewis, Advertising Manager, Burroughs Adding Machine Company, Detroit, Michigan.

(5) "Efficiency of Supervision," Hon. Arthur B. Chapin, Bank Commissioner, Boston, Mass.

Symposium (if time permits)—"The Internal Audit of a Savings Bank," Mr. Chapin.

Business session:

Nominations and election of

President.

First Vice-President.

Chairman Executive Committee.

Three members of Executive Committee to serve three years.

State Vice-Presidents.

Installation of Officers.

Adjournment at 1 o'clock.

(Meeting of Executive Committee immediately after.)



# CLEARING HOUSE SECTION

## EXPLANATION OF THE NUMERICAL SYSTEM OF THE AMERICAN BANKERS ASSOCIATION AS EMBODIED IN PAMPHLET SENT TO EVERY BANK IN THE UNITED STATES.

### Foreword.

IN bringing the Numerical System of the American Bankers Association to the attention of the bankers of this country, we desire to call attention to its incalculable value, both in the saving of time and in the insuring of accuracy in the handling of transit items. We also wish to urge its prompt adoption by all banking institutions. It is apparent that in order to obtain the best results it is necessary that every bank in the country should use its own particular number on all endorsement stamps and on the face of all its cheques and drafts, as well as the number of its correspondent on the latter.

We therefore hope that all bankers will give the recommendations made in the pages of this pamphlet their careful consideration and will make prompt application to the Secretary of the American Bankers Association for the numbers of their respective banks.

Too much praise cannot be accorded to the gentlemen composing the committee, Messrs. Wm. G. Schroeder, C. R. McKay, and James A. Walker, for their conscientious work in preparing a system at once so simple and comprehensive. With the co-operation of their fellow bankers, they have made possible the greatest reform which has been introduced into banking methods in many years.

Ralph Van Vechten, Chairman.

E. R. Fancher, President, care Union National Bank, Cleveland, Ohio.

George Guckenberger, Vice-President, care Atlas National Bank, Cincinnati, Ohio.

Fred. E. Farnsworth, General Secretary, 11 Pine Street, New York City.

Charles A. Ruggles, Manager Boston Clearing House, Boston, Mass.

J. M. Donald, care Hanover National Bank, New York City.

C. K. McIntosh, care Bank of California, N. A., San Francisco, Cal.

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

John K. Otley, care Fourth National Bank, Atlanta, Georgia.

Members Committee Clearing House Section American Bankers Association.

### Preface.

Various numerical systems for registering out-of-town items, commonly known as Transit Items, by the use of numbers instead of names to designate the endorsers and drawees, have been in use for some time in a large number of banks in the principal banking centers of the country. It has been the custom for each bank to provide a system of its own by supplying correspondents with numbered endorsement stamps without any regard to uniformity of numbers.

This has resulted in banks having as many different numbers assigned to them as they have correspondents and has caused complications and confusion in handling Transit Items.

The Clearing House Section of the American Bankers Association, realizing the necessity for a uniform system of bank numbers, called a meeting of the Transit Managers of a number of the principal cities of the country for the purpose of adopting a Universal Numerical System which would provide every bank in the United States with a definite number of its own. At this meeting, which was held in Chicago, December 12 and 13, 1910, the undersigned committee was appointed to evolve a plan and work out the details of numbering all the banks in the country. The Executive Council of the American Bankers Association at its meeting in Nashville, May 2, 1911, unanimously adopted the system of numbers devised by the committee and authorized the publication of a directory containing the names of the banks and the numbers assigned.

### Explanation of System.

The reserve cities, including Buffalo, N. Y., and Memphis, Tenn., are each designated by a prefix number, with the exception of Brooklyn, which is included with New York City, Kansas City, Kan., which is included with Kansas City, Mo., and South Omaha, which is included with Omaha. The cities are numbered from 1 to 49, inclusive, in the order of their population according to the Government Census of 1910. The lower numbers are thus assigned to the larger cities.

In the cities which are designated by a prefix number, the clearing house banks are numbered with their clearing house numbers and non-clearing banks are numbered according to seniority, the individual numbers of the banks following the prefix numbers of the cities.

The Treasurer and Assistant Treasurers of the United States and the Post Offices are also numbered in these cities. Numbers have not been provided for express companies, railroads, or mercantile firms. If

the Clearing House Associations in any of the forty-nine cities wish to have additional numbers supplied for express companies, railroads, or firms upon which checks are drawn, they are requested to forward a list of such names to the secretary of The American Bankers Association, 11 Pine street, New York City, and the numbers will be provided.

The prefix numbers from 50 to 99, inclusive, have been assigned to the states, which have been divided into five sections. Those containing the principal collecting centers, namely, New York, Pennsylvania, Illinois, Missouri, and California, have been given the first numbers in their respective sections, 50-60-70-80-90, to indicate that the following numbers in each section represent the states in the same territory. Numbers 59 and 89 are left blank, but may be used in the future to number the banks in Canada and Alaska. With the exception of the five states heading each section, the states are numbered in alphabetical order in each section.

The prefix numbers of the cities and states will be found on page 8.

The state prefix numbers, together with clearing house numbers, are used in numbering the banks in the largest city in each state other than the reserve cities, which are designated by prefix numbers of their own, thus permitting the use of the clearing house numbers for the banks in such cities, all other cities being designated by the use of the state prefix and the numbers given to the banks which are continued in the relative order of the population of the cities in each state. Each bank is numbered in consecutive order according to seniority in each city or town, excepting in towns having only one bank in which case the banks are numbered in alphabetical order according to towns. The system, therefore, permits the use of clearing house numbers to designate banks in ninety-seven of the principal cities of the country.

Blank numbers are left to be assigned to new banks in all cities of 5,000 population and over and also at the end of each state.

Rand-McNally & Co., of Chicago, publishers of the key to Numerical System of the American Bankers Association, will assign numbers to new banks as they are organized and will supply, upon request, the number of any bank which does not appear in the Key, and in March and September each year, beginning March, 1912, will publish and supply upon request, free of charge, supplements containing all changes which have taken place since any previous issue of the Key or any supplement. A new edition of the Key, however, may take the place of any supplement.

The American Bankers Association earnestly solicits your co-operation in making the System an assured success.

First: By beginning at once to endorse all items with an endorsement stamp bearing the number assigned to your bank. Numbers should be placed on the stamps as shown in the following specimen:

Second: By printing the number assigned to your bank on all checks drawn on your bank and on certificates of deposit and cashiers checks. The num-

PAY TO THE ORDER OF  
 Any Bank, Banker or Trust Co.  
 All Prior Endorsements Guaranteed  
 JUL. 1 1911  
 NATIONAL CITY BANK  
 1-8 New York, N. Y. 1-8  
 A. KAVANAGH, Cashier

bers to be printed immediately following the name of the bank as shown in the following specimen:

CHICAGO, ILL.....1911...NO.....

**The First National Bank of Chicago 2-1**

PAY TO THE ORDER OF

.....\$.....  
 ..... DOLLARS

Third: By printing the number assigned your bank and also the number assigned your correspondents on all your drafts drawn on your correspondents, and also on drafts drawn "Payable if desired" on your correspondents. The numbers to be printed immediately following the name of the bank as shown in the following specimens:

**THE FIRST NATIONAL BANK 18-3**

KANSAS CITY, MO.,.....NO.....

PAY TO THE ORDER OF.....\$.....

..... DOLLARS

TO

CONTINENTAL & COMMERCIAL  
 NATIONAL BANK 2-3  
 CHICAGO

..... CASHIER

**Towanda State Bank 70-1626**

NO.....

TOWANDA, ILLINOIS,.....1911...

PAY TO THE ORDER OF... ..\$.....

..... DOLLARS

STATE NATIONAL BANK 70-105  
 OR BLOOMINGTON, ILLINOIS  
 CORN EXCHANGE NAT'L BANK 2-5  
 CHICAGO, ILLINOIS

..... CASHIER

Fourth: By drawing drafts in payment for remittance to the order of banks and not to the order of bank officers.

Following is an illustration of the application of the Numerical System in registering out-of-town items:

Indirect letter containing items drawn on various towns.

**FOURTH NATIONAL BANK**

ATLANTA, GA. May 10, 1911.

To **Second National Bank,**  
**St. Paul, Minnesota.**

We enclose herewith for Collection and Returns items as listed below

Instructions: { Telegraph non-payment of items \$1,000.00 or over and items listed "T N P"  
Do not protest items of \$10.00 or less or items listed "No-Pro"  
PROTEST all items over \$10.00 unless otherwise instructed

Yours truly C I RYAN Cashier

ENDORSER		PAYER		AMOUNT	INSTRUCTIONS
STATE OR CITY	BANK NO.	STATE OR CITY	BANK NO.		
64	98	75	29	4.25	
64	74	78	29	28.47NO-FRO	
63	26	77	22	1,228.93T.N.P.	
64	14	77	1	1.26	
67	25	78	412	47.24	
64	18	17	50	.68	
65	74	78	79	22.47	
64	79	17	1	100.00	
67	26	78	2	500.00	
63	41	77	30	26.47	
38	54	75	30	10.57NO-FRO	
38	51	75	310	1.00	
64	20	78	77	2.00	
64	601	75	17	147.52	
63	12	75	1	1,000.00T.N.P.	
67	124	75	196	26.87	
				3,147.73* *	
115		78	4	400.00	
147		77	453	.62	
164		75	46	1,528.75T.N.P.	
2		17	4	27.86	
28		17	50	25.00	
97		75	67	15.00	
168		75	266	10.00	
947		78	540	4.76	
1215		75	38	122.87NO-FRO	
186		77	68	14.25NO-FRO	
744		75	4	126.47B/L.ATT.	
210		75	41	15.22	
15		17	50	1.00	
3		78	576	2.00	
8		75	24	16.73NO-FRO	
29		75	5	128.75	
				5,587.01* *	

Letter containing items drawn on the same town.

**HIBERNIA BANK & TRUST CO.**

NEW ORLEANS, LA. May 10, 1911.

To **American Exchange National Bank,**  
**Dallas, Texas.**

We enclose herewith for Collection and Returns items as listed below

Instructions: { Telegraph non-payment of items \$1,000.00 or over and items listed "T N P"  
Do not protest items of \$10.00 or less or items listed "No-Pro"  
PROTEST all items over \$10.00 unless otherwise instructed

Yours truly CHARLES PALFREY Cashier

ENDORSER		PAYER		AMOUNT	INSTRUCTIONS
STATE OR CITY	BANK NO.	STATE OR CITY	BANK NO.		
84	17		1	4.25	
61	87		52	28.47NO-FRO	
84	3		2	1,228.93T.N.P.	
84	208		14	1.26	
61	9		8	47.24	
85	24		10	.68	
85	1		11	22.47	
61	10		4	100.00	
84	12		1	500.00	
84	112		2	26.47	
85	74		1	10.57NO-FRO	
85	28		10	1.00	
84	165		6	2.00	
84	40		1	147.52	
85	5		1	1,000.00T.N.P.	
84	1		2	26.87	
				3,147.73* *	
125			1	400.00	
157			6	.62	
104			2	1,528.75T.N.P.	
1			10	27.86	
15			14	25.00	
67			11	15.00	
158			1	10.00	
817			51	4.76	
1201			1	122.87NO-FRO	
156			52	14.25NO-FRO	
637			2	126.47B/L.ATT.	
209			1	15.22	
14			10	1.00	
5			8	2.00	
7			8	16.73NO-FRO	
19			1	128.75	
				5,587.01* *	

\*Note: To make the Numerical System complete each bank should assign numbers to its local depositors, the numbers to be placed on the depositors' endorsement stamps. The numbers assigned local depositors will in no way conflict with the numbers assigned banks as the local depositors' numbers have no prefix.

It has been demonstrated by a large number of banks in all sections of the country that the Numerical System of registering Transit Items has already saved in time and labor many thousands of dollars as compared with the method of registering by writing the names. Any bank, no matter how small, can save time and labor by the adoption of the Numerical System of the American Bankers Association.

The co-operation of the State Bankers Associations, the Clearing House Associations, and of the banks, individually, is respectfully requested, to bring about as rapidly as possible the general adoption of

the Numerical System throughout the entire country. W. G. Schroeder, Chairman, Secretary Continental & Commercial National Bank, Chicago,

C. R. McKay, Manager Transit Department First National Bank, Chicago,

J. A. Walker, Assistant Manager Transit Department Corn Exchange National Bank, Chicago.

Committee on Numerical System Clearing House Section of the American Bankers Association.

The prefix numbers of cities and states are as follows:

**CITIES.**

- |                        |                          |
|------------------------|--------------------------|
| 1 New York, N. Y.      | 26 Memphis, Tenn.        |
| 2 Chicago, Ill.        | 27 Omaha, Neb.           |
| 3 Philadelphia, Pa.    | 28 Spokane, Wash.        |
| 4 St. Louis, Mo.       | 29 Albany, N. Y.         |
| 5 Boston, Mass.        | 30 San Antonio, Tex.     |
| 6 Cleveland, Ohio.     | 31 Salt Lake City, Utah. |
| 7 Baltimore, Md.       | 32 Dallas, Tex.          |
| 8 Pittsburgh, Pa.      | 33 Des Moines, Ia.       |
| 9 Detroit, Mich.       | 34 Tacoma, Wash.         |
| 10 Buffalo, N. Y.      | 35 Houston, Tex.         |
| 11 San Francisco, Cal. | 36 St. Joseph, Mo.       |
| 12 Milwaukee, Wis.     | 37 Ft. Worth, Tex.       |
| 13 Cincinnati, Ohio.   | 38 Savannah, Ga.         |
| 14 New Orleans, La.    | 39 Oklahoma City, Okla.  |
| 15 Washington, D. C.   | 40 Wichita, Kan.         |
| 16 Los Angeles, Cal.   | 41 Sioux City, Ia.       |
| 17 Minneapolis, Minn.  | 42 Pueblo, Colo.         |
| 18 Kansas City, Mo.    | 43 Lincoln, Neb.         |
| 19 Seattle, Wash.      | 44 Topeka, Kan.          |
| 20 Indianapolis, Ind.  | 45 Dubuque, Ia.          |
| 21 Louisville, Ky.     | 46 Galveston, Tex.       |
| 22 St. Paul, Minn.     | 47 Cedar Rapids, Ia.     |
| 23 Denver, Colo.       | 48 Waco, Tex.            |
| 24 Portland, Ore.      | 49 Muskogee, Okla.       |
| 25 Columbus, Ohio.     |                          |

**STATES.**

- |                      |                    |
|----------------------|--------------------|
| <b>Eastern.</b>      |                    |
| 50 New York.         | 55 New Jersey.     |
| 51 Connecticut.      | 56 Ohio.           |
| 52 Maine.            | 57 Rhode Island.   |
| 53 Massachusetts.    | 58 Vermont.        |
| 54 New Hampshire.    | 59 .....           |
| <b>Southeastern.</b> |                    |
| 60 Pennsylvania.     | 65 Maryland.       |
| 61 Alabama.          | 66 North Carolina. |
| 62 Delaware.         | 67 South Carolina. |
| 63 Florida.          | 68 Virginia.       |
| 64 Georgia.          | 69 West Virginia.  |
| <b>Central.</b>      |                    |
| 70 Illinois.         | 75 Minnesota.      |
| 71 Indiana.          | 76 Nebraska.       |
| 72 Iowa.             | 77 North Dakota.   |
| 73 Kentucky.         | 78 South Dakota.   |
| 74 Michigan.         | 79 Wisconsin.      |
| <b>Southwestern.</b> |                    |
| 80 Missouri.         | 85 Mississippi.    |
| 81 Arkansas.         | 86 Oklahoma.       |
| 82 Colorado.         | 87 Tennessee.      |
| 83 Kansas.           | 88 Texas.          |
| 84 Louisiana.        | 89 .....           |
| <b>Western.</b>      |                    |
| 90 California.       | 95 New Mexico.     |
| 91 Arizona.          | 96 Oregon.         |
| 92 Idaho.            | 97 Utah.           |
| 93 Montana.          | 98 Washington.     |
| 94 Nevada.           | 99 Wyoming.        |

The Key to the Numerical System of the American Bankers Association, a handsomely bound book of five hundred pages, containing both a numerical and an alphabetical list of banks, will be sent post-paid by the exclusive publishers, Rand-McNally & Co., Chicago, upon receipt of the price, One Dollar and Fifty cents (\$1.50) per copy.

**NEW SECRETARY.**

**T**HE Conference of Clearing Houses was instituted at the Cleveland Convention, September, 1899. At that time the prime object of the Conference was to endeavor to improve and encourage the collection of exchange charges and to do away with par points.

The Section was organized in St. Louis in 1906, and many new features of Clearing House work have been considered by the Section since this organization.

It has been apparent for some time to the active officers of the Section that it presented a large field of endeavor, and that the Clearing House Section could be made one of the most important adjuncts of the Association.

To develop the Section as it should be developed requires more time than could be given to it by General Secretary Farnsworth, added to his manifold duties in connection with the general work of the Association, although he had been Secretary of the Conference and Section in turn since their inception.

The recent development of the Numerical System, the organization of new Clearing Houses, and the educational feature of advancing Clearing House Examiners for cities, have served to indicate what might be done in other directions by the Section.

To carry on this work effectively the Executive Committee of the Clearing House Section, acting on the authority given it by the Executive Council of the Association, has appointed O. Howard Wolfe, formerly Transit Manager of the Philadelphia National Bank, as Assistant Secretary of the Section. Mr. Wolfe took up his duties on October first, his office being at No. 11 Pine street, New York. At the annual election of the Clearing House Section in November, which will be held in New Orleans, Mr. Wolfe will assume the title of Secretary.

Mr. Wolfe has been identified with banking work for many years in Philadelphia. He has been prominent in the American Institute of Banking, having been a member of the Board of Governors, as well as Chairman of several committees for the Philadelphia Chapter.

Mr. Wolfe is well qualified in every way for this position, being resourceful, energetic, of good address, lengthy experience, and with an acquaintance which will be beneficial to him and to the Association. Mr. Wolfe's progress and promotion may be accepted as an indication of the usefulness of the American Institute of Banking in developing young men for higher official positions.

**NUMERICAL SYSTEM IN TEXAS.**

**M**R. C. J. GRANT, of Dallas, Texas, Chairman of the Committee for the Promotion of the Numerical System in that State, announces that endorsement stamps have been prepared and delivered to all banks in the State of Texas. These endorsement stamps bear the new number of the banks as brought out in the Numerical System of the American Bankers Association, so that the bankers of the United States can now use the universal numbering in describing the endorsement of Texas banks.

Texas is the first State to universally use this system of numbers on all endorsement stamps.

**ORGANIZATION OF CLEARING HOUSE ASSOCIATIONS.**

**B**ANKS in the smaller cities and towns desiring to organize a Clearing House Association can secure copies of the following in pamphlet form by communicating with Fred. E. Farnsworth, General Secretary.

**Clearing House Associations.**

Note.—This draft has been prepared by General Counsel American Bankers Association as a general form of Articles of Association to be used in the organization of clearing houses in the smaller cities and towns. Details therein may, of course, be changed to suit local conditions. Before framing by-laws, it is recommended that new Associations operate, at first, under temporary rules, until experience indicates the particular form of by-laws that may be required. It is approved by E. R. Fancher, President, Ralph Van Vechten, Chairman Executive Committee, and Fred. E. Farnsworth, Secretary, Clearing House Section, American Bankers Association.

**ARTICLES OF ASSOCIATION.**

The undersigned, banks of.....do hereby associate together as a clearing house for the purpose of effecting at one place, the daily exchange of checks between the several members and of settling balances with each other (and also of providing such safeguards in their intercourse with each other and the public at large as may be desirable) and agree to be governed by the following articles of association:

1. The name of this Association shall be the .....Clearing House Association.
2. The officers shall be a president, vice-president, secretary and treasurer, who shall be elected by ballot on the organization of the Association and annually thereafter on the second Monday in January at (six hour), or failing a meeting at that time, at a special meeting thereafter called by the president for the purpose and shall hold office until their successors are elected.
3. The officers shall constitute an executive committee to arrange for the place and manner of the exchanges and the details of the same, and to enforce the by-laws or rules of the Association. They shall assess the cost of the working of the Association upon the members in proportion to capital and surplus (or according to total resources or total clearings). The treasurer shall make a report of receipts and expenditures at the end of each fiscal year.
4. The president shall call meetings of the Association whenever in his opinion its interests may require or whenever requested so to do by the executive committee, or upon request of any two members, and at all meetings each member shall be entitled to one vote. There shall be no quorum unless a majority of members are present by duly authorized representatives.
5. The secretary (acting as manager) shall have immediate charge of the business of the clearing house and his decisions concerning questions of practice and details at the clearing house shall rule until modified by the executive committee.
6. The hour for making exchanges shall be eleven o'clock a. m. of each business day, when the settling clerks from all of the associated banks shall report with their respective demands, separately made out against each bank in detail and the totals summed up. The work of clearing shall not be delayed longer

than five minutes after eleven a. m. on account of the failure of any bank to be represented at that time. At twelve o'clock the settling clerks shall return for settlement, when the manager shall issue his checks or warrants upon the debtor banks in favor of creditor banks for the balances, which checks shall immediately be presented, and on presentation be settled by the debtors to the satisfaction of the creditors in whose hands only they are available.

7. In case of failure to respond promptly to the checks of the manager on the part of any member of the Association, they shall be immediately returned to the manager, who shall call upon the other members to make up the sum for which payment has been refused in proportion to the amount of checks upon the defaulting member sent into the clearing house at the preceding settlement, which sums so furnished shall constitute a claim in the hands of the responding members and all checks received from the clearing house by the defaulting member shall be delivered, if required, to the members owning the same without mutilation. The agency of the clearing house in the matter, it is understood, is only as trustee and in no case is the Association to be held responsible for any loss that may occur.

8. Errors in the exchanges and claims arising from return of checks or from any other cause are to be adjusted directly between the members who are parties to the same and not through the clearing house.

9. All checks in the exchanges, returned as "not good" or "mis-sent" shall be returned by two p. m. directly to the bank from whom received and said bank shall immediately refund to the bank returning the same the amount which it had received through the clearing house settlement therefor. If not returned by two p. m. the responsibility of the bank which sent said checks through the exchanges shall cease.

10. These articles of association shall become binding upon the respective members from the time they are signed by each respectively, provided that at the time of such signature there shall be deposited with the secretary a properly certified copy of a resolution of the board of directors of an incorporated member, or a certificate of assent of an unincorporated member authorizing the signing of said articles. New members may be admitted to the Association at any meeting by a two-thirds vote of all the members and these articles shall become binding on such new members when signed and assented to as above provided.

11. Amendments to these articles of association may be made at any meeting by vote of a majority of all the members. Notice of proposed amendments shall be given in writing to each member at least ten days previously.

12. By-laws governing the business of the Association in the making of exchanges, providing for the imposition of fines and other details (and also fixing exchange and collection charges and providing for examination of members) may be adopted at any meeting of the Association by vote of a majority of all the members and may be amended by like vote. Notice of the proposed adoption of by-laws or of proposed amendments thereto shall be given in writing to each member, at least ten days previously.

# STATE SECRETARIES SECTION

## ORGANIZATION OF SECRETARIES OF STATE BANKERS ASSOCIATIONS.

Organized November 13, 1902.

### OFFICERS.

W. F. KEYSER, Sedalia, Mo., *President*.  
 N. P. GATLING, Lynchburg, Va., *First Vice-President*.  
 L. A. COATE, Boise, Idaho, *Second Vice-President*.  
 FRED. E. FARNSWORTH, New York N. Y., *Secretary & Treasurer*.

### BOARD OF CONTROL.

J. W. HOOPES, Austin, Texas.  
 WILLIAM J. HENRY, New York, N. Y.  
 S. B. RANKIN, South Charleston Ohio.  
 HARRY YAEGER, Lewistown, Montana.  
 C. H. WELLS, Salt Lake City, Utah.

### CONVENTIONS TO BE HELD IN 1911.

Oct. 2-3. Arizona .....Prescott  
 " 11-12. Illinois .....Springfield  
 " 25-26. Indiana....."The Claypool," Indianapolis  
 " 25-26. Kentucky .....Lexington  
 Nov. 20-24. American Bankers Association, St. Charles Hotel, New Orleans.

### CONVENTIONS HELD IN SEPTEMBER.

#### WASHINGTON:

The sixteenth annual convention of the Washington Bankers Association was held at Wenatchee September 14th, 15th and 16th. President E. W. Purdy, President First National Bank, Bellingham, called the convention to order at 10 o'clock a. m. in the Assembly Room of the Wenatchee Commercial Club. The invocation was pronounced each day by respectively, the Rev. W. W. Burks, Pastor of the Christian Church; the Rev. J. W. Johnson, Pastor of the Baptist Church, and the Rev. J. A. Lowrie, Pastor of the Presbyterian Church. Addresses of Welcome were made by the Hon. A. C. Dallach, Mayor, on behalf of the city, and Frank Reeves, President Wenatchee Commercial Club, on behalf of the bankers of Wenatchee, Eugene T. Wilson, Vice-President National Bank of Commerce, Tacoma, responding to same.

President Purdy in his annual address told of the resources of the State. He also impressed upon the delegates that it was the duty of the bankers to unitedly demand of the next legislature the passage of a good conservative banking bill.

The report of the Secretary, P. C. Kauffman, Second Vice-President of the Fidelity Trust Company, Tacoma, covered the work of the Association during the past year, the good results of which were very gratifying. He also reported on the "Prize Essay

Contest," participated in by the students and bank clerks in the State of Washington. (See page 210.) As shown by the report of Treasurer E. F. Betz, President of the National Bank of Cheney, the finances of the Association was in excellent condition.

The reports of the Executive Council and the various committees showed that they had been very active during the year along different lines of work in advancing the interests of the banking business.

The addresses delivered were as follows: "The Reserve Association of America," Hon. Robert W. Bonyng, Denver, Colo., member of the National Monetary Commission; "The Relation of the Banker to the Farmer," Joseph Chapman, Jr., Vice-President Northwestern National Bank, Minneapolis; "Some Questions of Interest to a Country Banker," Geo. P. Wiley, Cashier Waterville Savings Bank; "Country Bank Credits," J. J. Rouse, Cashier First National Bank, Pullman; "The Reserve City Bank and Its Country Correspondent—Their Mutual Relation," J. A. Swalwell, Seattle, Vice-President National Bank of Commerce; "The Development of the Wenatchee Valley by Irrigation," Hon. John A. Gelatly; "Agricultural and Other Resources of North Central Washington," Judge R. S. Steiner.

Among the resolutions adopted at the convention were the following: "Approving the Aldrich Plan for a National Reserve Association as modified by the Currency Commission of the American Bankers Association." "The enactment of the necessary legislation for a sufficient appropriation to cover the free shipment of silver." "The adoption by Congress of the Uniform Bills of Lading Act, known as the 'Stevens Act.'" "Approving and recommending the adoption of the Numerical System as promulgated by the Clearing House Section of the American Bankers Association." "The most liberal policy consistent with safety on the part of the Federal Government in qualifying local banks to receive Postal Savings deposits; that no discrimination be made between National and State banks; and favoring the adoption by the Federal Government of a policy in dealing with country banks that will enable them to speedily qualify to receive any large deposits that may be made in the Postal Savings Banks."

The entertainment was of a very interesting and enjoyable character. It included a reception and ball in the Assembly Hall of the Wenatchee Commercial Club; reception and card party tendered the visiting ladies at the residence of Mrs. Chas. E. Owens; while a "smoker" was given the men in the rooms of the Commercial Club. An automobile ride through the Wenatchee Valley, visiting the famous apple orchards. A most unique feature of the entertainment

was the "Hobo" lunch on Saturday afternoon. Some fifty automobiles took the delegates and visitors for a ride of nearly fifty miles through the Wenatchee Valley, where on the banks of the Wenatchee River a lunch was served "au naturel"; the menu was written on wooden slabs, and the utensils were on the "Hobo" order. Young men, bank clerks, and others, acting as waiters, were dressed in "Hobo" garments, and the eatables were all served in "Hobo" style. To add to the naturalness of the scene, a stuffed figure of a typical "Weary Willie" was reclining against one of the trees, with a short clay pipe clutched between his teeth.

The officers elected for the ensuing year are as follows: President, Charles A. McLean, Cashier Traders National Bank, Spokane; Vice-President, W. J. Patterson, Cashier Hayes & Hayes, Bankers, Aberdeen; Secretary, P. C. Kauffman, Second Vice-President Fidelity Trust Company, Tacoma; Treasurer, George R. Fisher, Cashier First National Bank, Wenatchee.

The following were the nominations made for office in the American Bankers Association: Member Executive Council, Samuel Jackson, Manager Bank of California Branch, at Tacoma; Vice-President for the State of Washington, E. T. Coman, President Exchange National Bank, Spokane; Member Nominating Committee, N. H. Latimer, President Dexter-Horton National Bank, Seattle.

#### NEBRASKA:

The Fifteenth Annual Convention of the Nebraska Bankers Association was held in the city of Omaha, September 18-19, 1911. The Nebraska bankers generally agreed that it was the most successful convention that the Association had ever held, the attendance being the largest to date, and there being much interest in all of the business sessions of the Association, which were held in the convention hall of the Elks' Club, a room admirably adapted for this purpose.

The Convention was presided over in most excellent manner by President George N. Seymour; and the addresses of welcome, responses, the annual address of the President and the reports of officers and Executive Council were in the usual good style, and showed the State Association to be in most excellent condition, with a membership of 93 per cent. of all the banks in Nebraska, and a large balance in the treasury, for all of which much credit should be given to the genial and competent Secretary, William B. Hughes.

The literary features formed a prominent part of the Convention proceedings and were all indicative of most earnest effort.

The addresses were as follows: Edward M. Martin, Attorney for the Association, "The Banker and the Married Woman"; Preston T. Slayback, Secretary, Colorado Bankers' Association, "Psychology in Banking a Requisite to Success"; Col. Fred. E. Farnsworth, General Secretary American Bankers' Association, "The American Bankers Association"; J. J. Tooley, Cashier Anselmo State Bank, "Experiences and Observations of a Country Banker"; Virgil M.

Harris, Trust Officer of the Mercantile Trust Company, St. Louis, "Let's Choose Executors"; Charles H. Kelsey, of Norfolk, "Express Company Money Orders"; Dr. Albert S. Bolles, Ph.D., LL.D., Haverford College; Hon. E. Royse, Lincoln, Secretary State Banking Board; Arthur Reynolds, of Des Moines, Iowa, Chairman Federal Legislative Commission of the American Bankers' Association, "The Aldrich Plan," in which much interest centered, a resolution being passed endorsing the fundamental principles as brought out in the National Reserve Association plan.

The Nebraska Association also passed a unanimous resolution endorsing the "Numerical System," as evolved by the Clearing House Section.

The entertainment features were in keeping with the well-known hospitality of the city of Omaha and its bankers, the ladies being cared for most acceptably.

A delightful banquet was served on September nineteenth at the Field Club. A novel feature of the entertainment was the "Ak-Sar-Ben" initiation ceremonies at the Den. Many bankers had the privilege of being put through "stunts" that must have shocked their dignified sensibilities! "Ak-Sar-Ben" is a strong organization, somewhat akin to the Mardi Gras, and is an excellent advertising medium for the city of Omaha.

The officers elected for the ensuing year are as follows: President, Francis McGivern, of Fremont; Chairman of Council, Henry W. Yates, of Omaha; Treasurer, E. C. French, South Omaha; Secretary, William B. Hughes, of Omaha.

The members of the American Bankers Association in attendance at this Convention, held a spirited session and made the following nominations: Vice-President for Nebraska, E. J. Wightman, of York; Member of Nominating Committee, C. E. Burnham, of Norfolk.

#### PROTECTIVE WORK OF STATE BANKERS ASSOCIATIONS.

Ohio Bankers Association,  
Office of the Secretary.  
Columbus, Ohio, September 14, 1911.

#### 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.

We can only reiterate what has so often been dinned into the ears of our members: Do not cash checks for strangers without proper identification and endorsement.

Ohio Bankers Association,  
Office of the Secretary.  
Columbus, Ohio, September 14, 1911.

#### \$50 REWARD

For the arrest and conviction of a man representing himself to be Frank J. Scott, traveling for the National Refining Company of Cleveland, and who has

been forging checks on that company in the western part of this State.

Description: Medium dark complexion, smooth face; height, about 5 ft. 11 in.; 35 years of age; weight, about 140 lbs.; well dressed in medium dark clothes, and a good-looking fellow. One very striking thing about him was his teeth, which are all good and highly polished, but a small space was noticeable between all of the upper teeth. The above reward is good for one year from this date.

Iowa Bankers Association,  
Office of the Secretary.

Des Moines, August 24, 1911.

BULLETIN NO. 23.

WARNING—NEW AND DANGEROUS FORMS OF SWINDLES.

H. B. Arnold had printed in Des Moines, 500 letter-heads, bearing the name of the National Bank of Kentucky, Louisville, Kentucky. Description: 28 years old, height 5 ft. 9 or 10 in.; round, smooth face, fair complexion, brown hair, gold in upper teeth, one blank; wore blue suit and round Panama hat.

Should the above party attempt to draw on bank named, kindly hold man and papers and wire this office.

No Name. Stranger had printed by Caton Lithograph & Printing Co., of Kansas City, 1,500 cashiers' checks and 500 letter-heads, bearing name of American Exchange National Bank, Dallas, Texas. Description: About 50 years old, weight 130 pounds, height 5 ft. 6 in., slim built; smooth face, very tanned complexion, dark brown hair, slightly gray; teeth out in front; roughly dressed in dark clothing (was arrested at Seattle).

Six different forgers whom we have been after were arrested in Iowa or other States the past two weeks.

The Minnesota Bankers Association,  
Office of the Secretary.

Minneapolis, Minn., September 13, 1911.

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

No. 5153—Dated March 1, 1911; amount \$40. Issued by the First State Bank of Battle Lake to B. J. Berkvam.

No. 3754—Dated December 10, 1910; amount \$130. Issued by the Farmers State Bank of Wanamingo to Fritz Miller.

No. 2552—Dated August 29, 1911; amount \$500. Issued by the Ostrander State Bank to Ray Gallagher.

No. 2306—Cashiers' check; amount \$133. Issued by the State Bank of Good Thunder to Albert Graf, and endorsed by him.

The following is a description of a man who recently passed worthless checks at Monticello: Gave name of E. S. Wasem; height 5 ft. 11 in.; weight, 170 lbs.; dark hair, slightly gray; dark mustache; brown eyes; very deaf; impediment in speech; has appearance of a laboring man. Checks drawn on the First National Bank of Sioux City, Ia., in amounts of three and four dollars.

North Dakota Bankers Association,  
Office of the Secretary

BULLETIN NO. 122.

You are notified of the loss of Time Certificate No. 2768, \$450, issued to Mrs. Emma Ireland by the Farmers Bank of Ray.

N. B.—We are advised that a recent decision re-mits the penalty charged for failure to make the 1909 Corporation Tax report on time. Members who have made payment of the compromise penalty should make claim for refund from the collector at Aberdeen.

North Dakota Bankers Association,  
Office of the Secretary.

BULLETIN NO. 123.

You are notified of counterfeit silver dollars of 1901 now being circulated in the southwestern part of the State. The weight and engraving is quite accurate, but the coin is a little off color and has no ring.

The following have been lost or stolen: Check issued by Farmers Elevator Co., of Voss, N. D., on Forest River State Bank in favor of Joseph or Joseph F. Peterka for \$113.

Walsh County warrants No. 19235 for \$6, No. 19265 for \$5 and No. 19270 for \$8.

Time certificates of deposit No. 2424 and 2425 for \$2,000 each, issued by First State Bank of McHenry in favor of H. L. Culver.

Check No. 91 by School District No. 103, J. H. McLain, treasurer, \$39.26, on Farmers & Merchants State Bank, Inkster, N. D., in favor of J. H. McLain.

North Dakota Bankers Association,  
Office of the Secretary.

Fargo, N. D., Sept. 30, 1911.

BULLETIN NO. 125.

The following have been lost or stolen: Certificates of Deposit No. 4892 for \$180.00 and No. 4893 for \$200.00, issued by the First National Bank of St. Thomas to John Such.

Certificate No. 9790 for \$15.00, issued by the State Bank of Buxton to J. Cecil Hill.

Draft No. 2223 for \$75.10, drawn by the State Bank of Powers Lake on the First National Bank of Minneapolis, in favor of H. W. Willis.

We have notice of the operations of two very smooth confidence men working in the State. These men are both working the time-worn game of representing themselves as being either land buyers or representatives of loan and trust companies establishing agencies in the State. After putting up two or three days of very smooth work examining real estate and being driven through the country, they ask for assistance in getting checks cashed and, of course, if they are successful, then disappear.

Minnesota Bankers Association,  
Office of the Secretary.

Minneapolis, Minn., Sept. 28, 1911

LOOKOUT NOTICE NO. 4.

The following notes were stolen from J. R. Randall while on the "Soo train" arriving in the Twin Cities from Vancouver Monday afternoon, September 11th:

One Bovey Shute Lumber Company note for \$2,500, for six months, dated January 21, 1911, payable to themselves and endorsed in blank. This note at the time it was stolen was six weeks past due and not negotiable.

Four Brooks-Scanlon Lumber Company notes in favor of J. R. Randall for \$1,250 each, dated September 1st, and maturing: one in six months, one in twelve months, one in eighteen months, one in twenty-four months.

Four Brooks-Scanlon Lumber Company notes in favor of D. F. Brooks and endorsed by him in blank, for \$6,750 each, dated September 1st, and maturing one in one year, one in two years, one in three years, and one in four years.

These last eight notes were written in long hand on plain strips of ordinary letter paper. They bore interest at the rate of 6 per cent., but as no interest dates were noted the interest was not due until the maturity of the note. The last four notes in addition were not countersigned.

The State Bank of Spring Grove also informs me that its C. of D. No. 2265 in favor of Miss Irene Kirke-wold, amount \$250.00, has been lost or stolen and payment thereon stopped.

If any of these evidences of indebtedness are presented at your bank please detain the one presenting them and notify this office at once.

STATE BANKERS' ASSOCIATIONS.

(Revised to October 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*—J. G. SPANGLER, Cashier Mesa City Bank, Mesa.  
*Vice-President*—R. B. BURMISTER, Cashier Phoenix National Bank, Phoenix.  
*Secretary*—MORRIS GOLDWATER, President Commercial Trust Co., Prescott.  
*Treasurer*—LOYD B. CHRISTY, Cashier Valley Bank, Phoenix.

ARKANSAS—ORGANIZED 1891.

*President*—J. M. BARKER, Cashier Bank of Atkins, Atkins.  
*Vice-President*—HENRY THANE, 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. HILLVER, Vice-President American National Bank, Macon.  
*Treasurer*—E. C. SMITH, Cashier Griffin Banking Company, Griffin.  
*Assistant Secretary*—HANSELL HILLVER, 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*—J. W. ROBINSON, Cashier Idaho Trust & Savings Bank, Boise.  
*Treasurer*—H. H. NUXOLL, President German State Bank, Cottonwood.

ILLINOIS—ORGANIZED 1880.

*President*—E. E. CRABTREE, of F. G. Farrell & Co., Jacksonville.  
*Vice-President*—B. F. HARRIS, Vice-President First National Bank, Champaign.  
*Secretary*—R. L. CRAMPTON, 1030-1032, The Rookery, Chicago.  
*Treasurer*—F. M. LOCKWOOD, Assistant Cashier City National Bank, Kankakee.

INDIANA—ORGANIZED 1897.

*President*—CHARLES H. WORDEN, Vice-President First National Bank, Fort Wayne.  
*Vice-President*—EARL S. GWIN, President Second National Bank, New Albany.  
*Secretary*—ANDREW SMITH, Vice-President Capital National Bank, Indianapolis.  
*Treasurer*—RALPH PAYNE, Cashier People's National Bank, Rushville.

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.

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. N. KEHOE, President Mitchell, Finch & Co.'s Bank, Maysville.  
*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. KENNARD, 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.

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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 Bldg., 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 Home Savings Bank, Fremont.  
*Secretary*—WILLIAM B. HUGHES, Manager Omaha Clearing House, Omaha.  
*Treasurer*—I. 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. CAROON, 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. HOLDBERNESS, 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, Tyone.  
*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*—T. E. PLATT, Cashier Security Bank, Clark.  
*Treasurer*—R. B. MCCANDLESS, Cashier First State Bank, Fulton.

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING.

TENNESSEE—ORGANIZED 1890.

*President*—WESLEY DRANE, President First National Bank, Clarksville.  
*Vice-Presidents*—H. E. JONES, Bristol; F. C. STRATTON, Lebanon; A. S. ELDER, Irion.  
*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,

Abingdon; 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. WYLIE 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*—I. DEFOREST RICHARDS, President First National Bank Douglas.

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 September:

Acker, F. E., Rand-McNally "Bankers Directory," Chicago, Ill.  
 Alderman, Frank W., Secretary Fidelity Trust Company, Buffalo, N. Y.  
 Asletine, A. H., Representative "Commercial & Financial Chronicle," New York City.  
 Baird, Bruce, Bookkeeper First National Bank, Chicago, Ill.  
 Baker, W. N., Receiving Teller Northwest Loan & Trust Company, Spokane, Wash.

Baltazzi, E. G. S., First National Bank, Boston, Mass.  
 Barnet, W. Y., Editor "The Banking World," Chicago, Ill.  
 Bayne, Howard, Vice-President Columbia Trust Company, New York City.  
 Bradley, J. W., Collection Manager Old National Bank, Spokane, Wash.  
 Brown, T. B., President Exchange Bank & Albany National Bank, Albany, Ga.  
 Brown, Geo. A., General Clerk Denver National Bank, Denver, Colo.  
 Brown, Jos. G., President Citizens' National Bank, Raleigh, N. C.  
 Brundage, F. D., Assistant Manager Knouth, Nachod & Kuhne, New York City.  
 Chapman, Jr., Joseph, Vice-President Northwestern National Bank, Minneapolis, Minn.  
 Cox, Elwood J., President Commercial National Bank, High Point, N. C.  
 Cross, Mrs. Chas. H., Cleveland, Tenn.  
 Dearden, C. I., Credit Clerk, Irving National Exchange Bank, New York City.  
 Dorris, A. C., Bookkeeper First National Bank, Nashville, Tenn.  
 Durham, E. D., Manager The Onarga Bank, Onarga, Ill.  
 Fancher, E. R., Vice-President Union National Bank, Cleveland, Ohio.  
 Feathers, W. C., Cashier Manufacturers' National Bank, Troy, N. Y.  
 Ferrel, L. A., President First National Bank, Lahoma, Okla.  
 Ferrel, Mrs. L. A., Lahoma, Okla.

- Forster, C. A., Assistant General Manager Burroughs Adding Machine Company, Detroit, Mich.
- Frew, Walter E., President Corn Exchange Bank, New York City.
- Gale, A. H., Chatham & Phenix National Bank, New York City.
- Gardin, John E., Vice-President National City Bank, New York City.
- Gates, H. C., Cashier The Ladora Savings Bank, Ladora, Iowa.
- Godchaux, Charles, President Whitney Central National Bank, New Orleans, La.
- Goddard, L. A., President State Bank of Chicago, Chicago, Ill.
- Goetz, F. O., Collection Teller Union Trust Company, Chicago, Ill.
- Graff, B. G., Assistant Teller F. G. Farrell & Company, Jacksonville, Ill.
- Graham, Albert D., Vice-President & Cashier Citizens' National Bank, Baltimore, Md.
- Grayson, F. V., Receiving Teller American National Bank, Washington, D. C.
- Griffith, A. H., Director Detroit Museum of Art, Detroit, Mich.
- Griffith, B. W., President First National Bank, Vicksburg, Miss.
- Haight, Charles S., New York City.
- Haines, I. Snowden, Cashier Mechanics National Bank, Burlington, N. J.
- Hoffman, W. F., President Commercial National Bank, Columbus, Ohio.
- Hollister, Clay H., Vice-President Old National Bank, Grand Rapids, Mich.
- Hutchins, Claude, Examiner New York State Banking Department, New York City.
- Hutchins, Mrs. H. C., Ladora, Iowa.
- Huttig, C. H., President Third National Bank, St. Louis, Mo.
- Ingle, Wm., Vice-President & Cashier Merchants' National Bank, Baltimore, Md.
- Jackson, B. L., Washington, D. C.
- Johnson, Chas., Bookkeeper, Chicago, Ill.
- Johnston, J. E., President Cleveland National Bank, Cleveland, Tenn.
- Kavanagh, Roger R., Examiner New York State Banking Department, New York City.
- Keep, E. H., Assistant Cashier Whitney-Central National Bank, New Orleans, La.
- Kelly, J. B., Utah National Bank, Salt Lake City, Utah.
- Kent, Fred I., Vice-President Bankers' Trust Company, New York City.
- Koppel, Wm., "American Banker," New York City.
- Lacey, B. R., State Treasurer, Raleigh, N. C.
- LaGeorfe, R. C., Credit Manager The First National Bank, New York City.
- Lane, Miss Marion L., Dallas, Texas.
- Lane, Mrs. A. V., Dallas, Texas.
- Lane, A. V., Vice-President American Exchange National Bank, Dallas, Texas.
- Law, Wm. A., Vice-President First National Bank, Philadelphia, Pa.
- Lersner, V. A., Assistant Cashier Williamsburgh Savings Bank, Brooklyn, N. Y.
- Lewis, J. A., Cashier National Bank of Commerce, St. Louis, Mo.
- Lewis, Mrs. J. A., St. Louis, Mo.
- Luhnow, C. A., "Trust Companies Magazine," New York City.
- Mabey, Chas. R., Cashier Bountiful State Bank, Bountiful, Utah.
- MacMichael, R. H., Bond Manager Dexter-Horton National Bank, Seattle, Wash.
- McFadden, Haynes, Secretary "The Southern Banker," Atlanta, Ga.
- Milmine, E. L., Cashier Mohawk National Bank, Schenectady, N. Y.
- Morgan, C. A., Manager New Orleans Clearing House Association, New Orleans, La.
- Olen, O. E., Union National Bank, Eau Claire, Wis.
- Peever, William Earl, Manager Systems Service, Burroughs Adding Machine Company, Detroit, Mich.
- Perry, Arba, Manager Transit Dept. Colonial Trust & Savings Bank, Chicago, Ill.
- Phillips, Frank A., Cashier Lambertville National Bank, Lambertville, N. J.
- Quint, A. U., General Manager Burglary Dept., National Surety Company, New York City.
- Raymond, Robert B., Manager Foreign Dept. Elliot National Bank, Boston, Mass.
- Robert, Samuel, New York City.
- Russell, B. A., Paying Teller Washington Trust Company, Spokane, Wash.
- Russell, Mrs. B. A., Spokane, Wash.
- Schaefer, L., Jr., Trust Bookkeeper Merchants Loan & Trust Company, Chicago, Ill.
- Smith, Henry A., Vice-President National Bank of Commerce, New York City.
- Stade, T. C., "The Banking World," Chicago, Ill.
- Stanly, E. O., Second Vice-President Title Guarantee & Trust Company, New York City.
- Stetson, E. W., President Citizens National Bank, Macon, Ga.
- Stubb, W. E., Cashier Bank of Belhaven, Belhaven, N. C.
- Talbert, Jos. T., Vice-President National City Bank, New York City.
- Taylor, R. J., Savings Teller Citizens & Southern Bank, Savannah, Ga.
- Thralls, Jerome, Manager Kansas City Clearing House Association, Kansas City, Mo.
- Tilton, McLane, Jr., Secretary Alabama Bankers Association, Pell City, Ala.
- Van Vechten, Ralph, Vice-President Continental & Commercial National Bank, Chicago, Ill.
- Wait, Robert E., Secretary Arkansas Bankers Association, Little Rock, Ark.
- Weaver, F. K., Cashier Farmers' National Bank, Freeport, Pa.
- Weaver, Mrs. F. K., Freeport, Pa.
- Winsor, H. C., President Asbury Park & Ocean Grove Bank, Asbury Park, N. J.
- Wolfe, O. Howard, Transit Manager Philadelphia National Bank, Philadelphia, Pa.
- Woodruff, F. W., Vice-President First National Bank, Joliet, Ill.
- Woodruff, Geo., President First National Bank, Joliet, Ill.

WASHINGTON BANKERS ASSOCIATION.

Bank Clerks' Essays.

IN the August, 1911, issue (p. 86) of the Journal-Bulletin is given the decision by the committees on the essays on the topic of "A Central Bank as a Factor in a Financial Crisis."

This contest was confined to students of the University of Washington, the State College at Pullman, and the Whitman College at Walla Walla.

A similar contest on the same subject open to bank clerks, members of the Washington Chapter, American Institute of Banking, was also established.

Twelve essays were submitted by the bank clerks; and the committee awarded the first prize of \$15.00 to Fred C. Johnson, Paying Teller of the Scandinavian-American Bank, Spokane, and the second prize of \$10.00 to J. W. Bradley, an employee of the Old National Bank, Spokane.

As these contests tend to act as a stimulus both to bank clerks and students in educational institutions in their studies, the committee recommended that the incoming Executive Council be instructed to offer similar prizes in 1912, and a resolution was adopted by the convention last month to that effect.

# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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No. 4

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General Secretary American Bankers Association

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

W. W. WAINE, ASSOCIATE EDITOR.

## THE AMERICAN INSTITUTE OF BANKING.

THE Ninth Annual Convention of the American Institute of Banking was held in the City of Rochester, New York, September 7-8-9, 1911. The aim of the Institute has been to have each successive Convention more fruitful of good than its predecessors, hence the 1911 Convention was the largest and most important from every standpoint.

The anticipations of the projectors of the Institute are being more fully realized as the years pass, in the prominence given to the educational features of the Institute. This is unquestionably due largely to the influence and effort of the Educational Director, George E. Allen, who insists that all other features of Institute work shall be subservient to its educational aspect.

The program at Rochester included six business-sessions, with addresses on various subjects by men of note from different parts of the United States. The educational feature was emphasized by debates, essays and discussions, extending even to papers on banking and currency legislation.

The attendance at all sessions was large and delegates attended strictly to business, being present at all sessions.

The annual reports of the officers covered all phases of the Institute during the fiscal year and were evidence of its continued usefulness and prosperity as indicated by the increase of chapters and membership.

There is no indifference evident at these meetings. The officers are not selected without numerous candidates and the injection of good, healthy politics. Were honest politics and competition wanting in an organization of this character there would be no stimulus to greater endeavor and the organization would become somnolent. The central life of any

organization lies in its capacity to fill its executive offices with men of ability and integrity.

As an evidence of the progressiveness of the Institute and its benefits to the banking fraternity at large, a statement was made by an official that up to the present time 700 members of the Institute have been appointed to official positions in banks.

Special attention is directed to the address of the Honorable Edward B. Vreeland, Vice-Chairman National Monetary Commission, which is published in the "Bulletin" section of this issue, on the National Reserve Association as represented by the Aldrich plan. Congressman Vreeland's effort was one of his best, and he was heard with the greatest interest and closest attention.

The addresses of the Honorable Lawrence O. Murray, Controller of the Currency, and James G. Cannon, President Fourth National Bank of New York, are also printed in this issue and should command the careful attention of our readers. Controller Murray's advice to the "boys" was opportune and valuable. Mr. Cannon was given much attention, being a pioneer supporter of the Institute.

The officers elected for the ensuing year is an earnest that the same progressive policy will be pursued as in the past.

The entertainment features of the Convention were furnished by the local chapter and the bankers of Rochester, and were much enjoyed by the delegates and guests; yet they were not permitted to interfere with the business-sessions. All details were admirably carried out by the local chapter, ably assisted by the bankers.

The Institute is to be congratulated on its progression and the fact that each succeeding Convention reflects only the highest credit on the officers and management thereof.

**THE NATIONAL RESERVE ASSOCIATION.**

**D**URING the month of September two State Bankers Associations have held conventions,—the States of Washington and Nebraska. At both conventions the National Reserve Association plan was most ably presented by prominent speakers and the plan endorsed by the Associations in conventions assembled.

Many thousands of bankers have attended the various State Association conventions during the present year and have heard this subject thoroughly discussed, and with a very few exceptions have given it unanimous endorsement.

It is important that this proposition be now properly presented to business organizations and the business men of the United States, and that they be convinced that it is a non-political measure. The National Citizens' League of Chicago, a non-partisan organization, is undertaking a campaign for the promotion of a sound banking system.

The importance of the next Convention of the American Bankers Association cannot be overestimated. With this fact in view, the officers of the Association have arranged a program whereby this subject is to be ably brought out by fifteen prominent bankers, to each of whom has been assigned a specific feature of the National Reserve Association plan. This symposium will be led by the Honorable Nelson W. Aldrich, who will speak on the proposed monetary plan. All these addresses are to be prepared in advance, and will be published by the Association after the Convention, as a textbook, and will furnish to the people of the United States a valuable compendium on this subject.

**INVESTMENT BANKERS ASSOCIATION.**

**B**OND and stock brokers and bond departments of banks have been considering for some time the advisability of forming an association for their protection and the betterment of their business. It is proposed that an organization of this kind be effected and that its delegates meet annually for the purpose of discussing all matters appertaining to buying and selling good securities and, if possible, to throw safeguards around the business whereby securities of questionable value might be eliminated; or, in other words, to have an organization composed of strictly reputable houses from all parts of the United States.

Those who are interested in this proposition have advanced good reasons why such an association should be made a Section of the American Bankers Association. Without question the plan will be presented to the New Orleans Convention. There is much to be said in favor of an organization of this character, as well as in favor of its being incorporated as a Section of the Association.

There is already a long list of bond houses, bankers and brokers, who make a business of dealing in stocks and bonds, who are members of the American Bankers Association.

If organized as a Section of this Association there would be doubtless appointed a committee that would pass on application for membership with proper safe-

guards as to qualifications. A large number of banks, particularly State and savings banks, are purchasers of good securities to be held as investments, and the strength of an organization of this kind would be a benefit to these banking institutions; and such an association as proposed could commence a campaign of education which would tend to remove the speculative houses from the investment field. The proposition is worthy of serious consideration.

**STANDARD FORM OF BANK BURGLARY AND ROBBERY POLICY.**

**I**N the September Journal-Bulletin was printed the new standard form of Bank Burglary and Robbery policy, prepared by the Committee on Fidelity Bonds and Burglary Insurance for and copyrighted by the American Bankers Association after its terms had been submitted to, and substantially agreed upon with representatives of the Casualty Companies.

While the form as published and copyrighted was practically completed, there remain a few technical matters, the phraseology of which require amendment.

These modifications are now being made and in the near future the revised policy will be ready for issuance. It is the understanding that the casualty companies of the United States will write this policy for the members of the American Bankers Association, but not for non-members.

**NEBRASKA BANKERS ASSOCIATION.**

**T**HE work of the Protective Department of the Nebraska Bankers Association has grown to such an extent that it has been found necessary to have a competent man to give it his undivided attention. Secretary William B. Hughes, owing to his multitudinous duties pertaining to the regular association work, which is likewise increasing at a rapid rate, finding it absolutely impossible to follow up every case.

C. E. Johnson, of Omaha, who was formerly with the Bradstreet Company, will manage the Protective Department, James Malone, of Lincoln, continuing to do the field work, as heretofore.

**ILLINOIS BANKERS ASSOCIATION.**

**T**HE Illinois Bankers Association has appointed a Committee on Agriculture and Vocational Education, of which B. F. Harris, President of the First National Bank, of Champaign, is Chairman.

The committee has addressed letters to the presidents of the State Bankers Associations with a view to holding a meeting at New Orleans at the time of the Convention in November, calling together the various agricultural committees of State Associations, so that a thorough discussion of this subject may take place.

Mr. Harris's call has met with a very generous response and approval, and it is evident that a successful meeting can be held.

The day and place for the meeting will be announced in the official program.

# LEGAL DEPARTMENT.

THOMAS B. PATON · GENERAL COUNSEL

## THE NEGOTIABLE INSTRUMENTS LAW.

WE are pleased to announce that the Uniform Negotiable Instruments Law has been enacted, this year, in the State of Delaware and also by the Philippine legislature. This brings the total number of states and jurisdictions having this law, up to forty.

## WHEN BILL OF LADING MAY BE SURRENDERED UPON ACCEPTANCE.

THE following section of the Uniform Bill of Lading Act is important for the attention of banks which undertake the collection of bill of lading drafts in those States where the act is now in force, namely, Maryland, Massachusetts, Iowa, Illinois, Pennsylvania, Ohio, Michigan and New York:

\*Section 41.—[DEMAND, PRESENTATION OR SIGHT DRAFT MUST BE PAID, BUT DRAFT ON MORE THAN THREE DAYS TIME MERELY ACCEPTED BEFORE BUYER IS ENTITLED TO THE ACCOMPANYING BILL.] Where the seller of goods draws on the buyer for the price of the goods and transmits the draft and a bill of lading for the goods either directly to the buyer or through a bank or other agency, unless a different intention on the part of the seller appears, the buyer and all other parties interested shall be justified in assuming:

(a) If the draft is by its terms or legal effect payable on demand or presentation or at sight, or not more than three days thereafter (whether such three days be termed days of grace or not), that the seller intended to require payment of the draft before the buyer should be entitled to receive or retain the bill.

(b) If the draft is by its terms payable on time, extending beyond three days after demand, presentation or sight (whether such three days be termed days of grace or not), that the seller intended to require acceptance, but not payment of the draft before the buyer should be entitled to receive or retain the bill.

The provisions of this section are applicable whether by the terms of the bill the goods are consigned to the seller, or to his order, or to the buyer, or to his order, or to a third person, or to his order.

Prior to the act the decisions were not entirely harmonious with respect to the authority or duty of a collecting bank, in the absence of instructions, to surrender a bill of lading upon acceptance, without payment, of the draft to which it was attached. The general rule, supported by the Supreme Court of the United States and other courts, was that where the draft was payable on time, this imported a sale on credit and in the absence of special agreement or instructions, the acceptor was entitled to the bill of

lading when he accepted the draft; but there were a few cases of time drafts where the accompanying bill of lading made the goods deliverable to the consignor or order in which (contrary to the majority rule) it was held that the form of the bill of lading indicated a prima facie intent that the bill of lading should not be surrendered upon acceptance of the draft, but only when paid.

Another unsettled question arose in those states where drafts drawn at sight carried days of grace (the number of such states is now very few) whether acceptance of the draft entitled the acceptor to the goods on the ground that three days grace imported a sale on credit, or whether the collecting bank must hold the bill of lading until actual payment. Concerning a draft payable on demand, which did not call for acceptance, of course the duty of the collecting bank was clear not to surrender until payment and the same view was more generally taken with reference to grace-carrying sight drafts, payable three days after acceptance, the three day period being so short that it was not to be supposed a sale on credit was intended. But sight drafts, because of days of grace, were sometimes regarded as time drafts, just as much as if drawn one day after sight, and this led to doubt and conflict as to the authority and duty of the collecting bank to surrender the bill of lading upon acceptance of the sight draft. Now, under the Negotiable Instruments Law in a large majority of States, days of grace are abolished and a sight draft is assimilated with a draft payable on demand or on presentation and does not call for acceptance except in one or two such States where an exception is made and days of grace on sight drafts are retained.

Such being the former condition of conflict, the above quoted section of the Uniform Bills of Lading Act seems to be happily conceived to clear up the situation. It will be observed that it fixes three days as the limit or dividing line which, in the absence of a different intention on the part of the seller, separates a cash sale from a sale on credit: that is to say, if the draft by its terms or legal effect, is payable more than three days after demand or presentation or sight, a sale on credit is imported and the drawee is entitled to surrender of the bill of lading upon acceptance of the draft; if payable not more than such three days, no sale on credit is intended and the drawee is not entitled to the bill of lading until he pays the draft, whether or not it requires previous acceptance. Furthermore, these rules apply irrespective of whether the bill makes the goods deliverable to the consignor or his order or to the consignee or his order, or to a third person or order.

Under this new and better condition of law, which obtains in those States where the Uniform

\*This is the number of the section in the Uniform act. Such number may be different in some of the States.

Bills of Lading Act is now in force, the question of surrender upon acceptance does not depend upon whether the bill of lading is called a time draft or a sight draft, including the question whether a sight draft carrying grace is a time draft, nor does it depend upon whether the bill of lading makes the goods deliverable to shipper's order or to the consignee but, irrespective of name of draft and form of bill, the matter of surrender upon acceptance or holding the bill for payment is clearly determinable by the three-day rule above specified.

#### CONSTRUCTION OF FORGED AND RAISED CHECK STATUTE.

THE statute providing a limited time of liability of a bank to a depositor for payment of a forged or raised check which was enacted in New York in 1904 and in a number of other States since that time, was before the Appellate Division, First Department, of the New York Supreme Court in *Shattuck, Receiver, v. Guardian Trust Co.*, 130 N. Y. Supp., 658, and a remarkable difference of opinion as to its construction developed among the five justices. The statute provides:

"No bank shall be liable to a depositor for the payment by it of a forged or raised check, unless within one year after the return to the depositor of the voucher of such payment, such depositor shall notify the bank that the check so paid was forged or raised."

The first question which arose was whether the statute was a condition precedent which must be pleaded by the plaintiff and avoided by him by proof that the required notice was given within one year or whether, on the other hand, it was of the same nature as the statute of limitations, the statute of frauds and other like statutes, which must be pleaded in defense in order to be availed of. On this question, two of the justices were of opinion that the statute was a condition precedent while three, constituting the majority, held that it was not a condition precedent to be pleaded as a part of the cause of action by the depositor and avoided but was, in effect, a statute of limitations which must be pleaded and proved in defence to be available.

The second question was whether the defendant bank had alleged sufficient facts necessary to make the statute available, although such statute was not specifically pleaded. A majority of the court held that defendant had sufficiently pleaded the defense of this statute by stating fully all the facts necessary to sustain it, although the statute was not referred to in terms.

There were two other questions upon which the court divided. The depositor was a corporation and it was proved that the forged vouchers had been returned by the bank to the president of the corporation who had been guilty of the forgery. It was contended that this did not constitute a return of the vouchers to the depositor. Three of the justices, however, held that such delivery was a sufficient return of the vouchers. Secondly, evidence was offered and excluded by the trial court of a conversation that the treasurer of the corporation had with the attorney of the bank, who was one of its directors, shortly after return of the vouchers and after the president of the corporation had committed suicide, in which the cause of such president's death and his financial operations were discussed. It was contended that such evidence was competent and if admitted would have presented an issue of fact as to whether the bank received notice of the forgery within the year. Upon this question the court divided, three to two, and the majority held that the conversation offered to be proved, did not constitute notice to the bank and was properly rejected; that while notice to the board of directors is notice to the corporation, notice to one director, not communicated to the board, is not; that the statute which requires that the depositor "shall notify the bank," intends that a real notice shall be given addressed to its officers.

As a majority of the court agreed that the bank did not receive notice of the forgery within one year after payment and return of the vouchers, a judgment in its favor was affirmed. This case will probably be taken to the New York Court of Appeals and the final decision of that court upon the construction of the statute in question will be of value in all future cases.

### OPINIONS.

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

##### VALIDITY OF WHISKEY WAREHOUSE RECEIPTS.

In the last issue of the Journal-Bulletin (September, 1911, page 150) replying to a request for information concerning certain decisions involving the validity of warehouse receipts collateral, reference was made to:

(1). Decision of United States Circuit Court of Appeals, Third Circuit, in *4th Street National Bank v. Millbourne Mills Company's trustee*, 172 Fed. 177, to the effect that grain and flour certificates issued by the Mill Company, to its own order, for its own goods, and transferred to banks as collateral for loans, were invalid as pledges as

against the creditors or trustee in bankruptcy of the issuer.

(2). Unpublished opinion of United States Circuit Court of Appeals, Third Circuit, in the case of *Miller Pure Rye Distilling Co.*, reversing the decision of the District Judge, (176 Fed. 606), and holding that warehouse receipts issued by a distilling company to itself for whiskey stored in its bonded warehouses and pledged to banks as security for loans, were likewise invalid as against the trustee in bankruptcy of the distilling company.

As it now appears, a rehearing was granted in this last stated case and the United States Court of Appeals in an opinion recently published, (187 Fed.

689) has reversed its original opinion and sustained the decision of the District Judge in 176 Fed. 606.

According to this latest decision therefore whiskey certificates issued by the proprietor of a bonded warehouse, representing his own whiskey in such warehouse and sold or pledged for value, operate as a symbolical delivery of possession of the whiskey and constitute valid sales or pledges thereof, good against creditors or the trustee in bankruptcy of the issuer, where transferred more than four months prior to the bankruptcy of the distiller; and such certificates are distinguished from the certificates for grain and flour issued by the Millbourne Mills upon their own goods, in which case there was neither the actual or symbolical delivery of possession necessary to constitute a valid pledge. The reason for this distinction in the case of the whiskey receipts is because of the Government's control of the whiskey and the impracticability of delivering possession except by transfer of the receipts.

#### ATTORNEY'S FEE NOTE.

Note providing for payment "with cost of collection or an attorney's fee in case payment shall not be made at maturity" is negotiable under the Negotiable Instruments Law; but question yet undecided in States where attorney's fee stipulations formerly held penalties and invalid, whether N. I. L. validates such stipulations.

From West Virginia.—Will you kindly advise us if the courts have passed on the legality of the form of note prescribed in the Negotiable Instruments Law? Enclosed is one of our form of notes. (Note enclosed is ordinary form of negotiable note and contains stipulation "with cost of collection or an attorney's fee in case payment shall not be made at maturity.")

We have been told the Supreme Court of Virginia holds that costs of collection or an attorney's fee cannot be enforced as to the maker of the note. Our local Court has held that one cannot collect an attorney fee and court costs.

What we desire to know is if any of the State Supreme Courts have sustained the law, and if so, kindly recite the case.

You enclose form of negotiable note payable "with cost of collection or an attorney's fee in case payment shall not be made at maturity," and you ask whether the Supreme Court in any State where the Negotiable Instruments Law is in force has passed upon the validity of such form of note.

While the Negotiable Instruments Law makes negotiable the form of note submitted—the question of negotiability of such note prior to the act being one of conflicting decision—I do not find that the higher court in any State where, before the act, provisions for attorney's fee were held invalid and unenforceable has, since the act, passed upon the question whether the act, in addition to providing negotiability, makes valid what was before invalid, namely, a stipulation in a note for payment of attorney's fee.

The question raised is an interesting one and worthy of discussion. Prior to the enactment of the Negotiable Instruments Law there was considerable conflict among the courts in different States upon the effect of the insertion in a bill or note of a provision for payment of costs of collection or attorney's fees. The cases were divisible into four classes:

1. Cases which sustained both the validity of the stipulation and the negotiability of the instrument. The stipulation was valid because it was indemnity promised by the maker against the consequences of his own act. Unless he was in default, he would not have to pay the additional amount. It was consistent with public policy because it added to the value of the paper. It did not impair negotiability because the sum to be paid at maturity was certain; if not paid at maturity the agreement for an additional amount related to the remedy.

2. Cases which sustained the validity of the stipulation but denied the negotiability of the instrument. The denial of negotiability proceeded on the ground that the stipulation made the amount payable uncertain. Whenever the amount was fixed at a certain per cent., such objection to negotiability was very technical.

3. Cases which maintained the negotiability of the instrument but held the stipulation to be a penalty and void. The stipulation was held void because such provisions tend to encourage litigation and to oppress debtors and are therefore against the policy of the law. The stipulation being void, the note remained payable for an amount certain and was negotiable.

4. Cases which held the stipulation to pay an additional amount rendered the transaction usurious and subjected the instrument to the statutes against usury.

The State of Virginia was among those whose courts held the stipulation for attorney's fee a penalty and void. In *Rixey v. Pearre*, 89 Va. 113 (decided in 1892), the court said: "In each of the negotiable notes held by the bank there is a stipulation to pay, on default of payment, 10 per cent. of the face of this note for attorney's fees for collection. This was held by the Circuit Court to be a penalty and as such not enforceable; in this view we concur." In *Ronald v. Bank of Princeton*, 90 Va. 813, the court said: "The note contains a collateral promise to pay in addition to the amount of the note, in the event of a suit thereon, 5 per cent. collection fees and \$50 attorney's fees in addition to the attorney's fee taxed or allowed by law and it is contended that this provision brings the case within the ruling in *Rixey v. Pearre* where a similar stipulation in a note was held to be a penalty and as such not enforceable. But no such point was made in the court below and it is now too late to raise it. It is also contended that such a provision destroys the negotiability of the note; but if this were conceded, the concession would not help the appellant's case," etc.

Under the law of Virginia, therefore, prior to the Negotiable Instruments Law, stipulations for attorney's fee were held to be penalties and unenforceable provided the point was made in the lower court before the case went up on appeal and the question of negotiability was also somewhat unsettled. The same rule, it would appear, also prevailed in West Virginia, according to the Federal Court, in *Chestertown Bank v. Walker*, 163 Fed. 510. In that case, after holding that in Maryland, a contract in a note to pay a collection fee if not paid at maturity is valid to the extent of a reasonable fee actually contracted to be paid, the court said: "The law in Virginia and West Virginia as set forth in *Toole v. Stephen*, 4 Leigh (Va.) 581, is squarely the opposite of Maryland."

Such being the condition of the law prior to the enactment of the Negotiable Instruments Law the pertinent question presented may be stated as follows:

Would the enactment of the Negotiable Instruments Law in any State, such as Virginia, whose courts formerly held that a stipulation for attorney's fee was a penalty and void, abrogate the judicial rule in this respect and make a promissory note containing a provision for payment of "cost of collection or an attorney's fee in case payment shall not be made at maturity" not only negotiable but a valid and enforceable note for the attorney's fee in addition to the face amount?

This question, as already said, does not appear as yet to have been passed upon by any of the higher courts.

The Negotiable Instruments Law provides that "an instrument to be negotiable must \* \* \* contain an unconditional promise or order to pay a sum certain in money" and that "the sum payable is a sum certain within the meaning of this act although it is to be paid \* \* \* with costs of collection or an attorney's fee, in case payment shall not be made at maturity." If the act made the same provision as to attorney's fee stipulations that it does with reference to sealed instruments, for example, that the "validity and negotiable character of an instrument are not affected by the fact that it \* \* \* bears a seal," it would be clear, beyond question, that stipulations for attorney's fees would be valid thereunder in those States where, before the act, they were held invalid. But the act does not so provide but, as shown, simply provides in effect that the instrument is for a sum certain, and therefore negotiable, although payable with costs of collection or an attorney's fee in case payment shall not be made at maturity. This being the case, two theories are presented:

1. That the Legislature by enacting through the Negotiable Instruments Law, that attorney's fee notes should be negotiable, thereby recognized the validity of such stipulations and swept away the grounds upon which such stipulations were held against public policy and void. In other words the good public policy of inserting such stipulations in notes was recognized by the Legislature when it expressly enacted that they did not affect negotiability.

2. The opposing theory would be that the Legislature did not intend to disturb the judicial doctrine (in those states holding it) that attorney's fee stipulations were against public policy and void but simply desired to make clear, when such stipulations were inserted, that the notes containing them would be negotiable, leaving to the common law the question of the validity of such stipulations.

While in the far greater number of States attorney's fee notes are both negotiable and valid as to attorney's fees, the question remains undecided in those States, such as Virginia, where the courts have held such stipulations to be penalties and against public policy and void, and the Legislature has later enacted the Negotiable Instruments Law, whether such law abrogates the decisions and validates such stipulations. I incline to the view that the act would be held to have this effect; at the same time the question is not free from doubt. If a test case could be taken and a decision obtained from the higher court of your State, it would be very desirable.

An interesting fact in this connection is that in two of the States, the uniform act has been modified by the following additions: Nebraska—"Provided that nothing herein contained shall be construed to authorize any court to include in any judgment on

an instrument made in this State any sum for attorney's fees or other costs not allowable in other cases." North Carolina—"Nothing in this chapter shall authorize the enforcement of \* \* \* a provision to pay counsel fees for collection incorporated in any of the instruments mentioned in this chapter; but the mention of such provisions in such instruments shall not affect the other terms of such instruments or the negotiability thereof."

These indicate that while providing negotiability of attorney's fee notes, these particular legislatures expressly guarded against a construction of the act which would make valid and enforceable the attorney's fee provisions therein contained.

### GARNISHMENT OF SAVINGS ACCOUNT.

Account represented by savings bank passbook subject to garnishment.

From Michigan.—We would like to have an opinion on the following:—Can a savings account, where a savings book is issued and handed to the depositor, be attached by garnishment? Our understanding is that a certificate of deposit cannot be garnished, but some contend that a savings account may be garnished, and others that it may not.

A savings bank being debtor of its depositor for the amount of its balance and a savings bank passbook, not being a negotiable instrument, I see no reason why the account cannot be garnished by a creditor of the depositor.

### DEPOSIT HANDED CASHIER AWAY FROM BANK.

Where a customer claims to have given the cashier of a bank a deposit of money away from the bank, which the cashier denies, opinion that customer cannot hold bank liable because (1) Difficult to prove receipt of money by cashier and even if proved (2) cashier has no authority to receive deposits away from bank, according to the weight of judicial opinion, and bank not liable unless money delivered to bank to credit of customer's account.

From Pennsylvania.—A depositor of a bank claims to have given cashier of the bank a sum of money for deposit on a train or outside of the bank. The depositor sues bank to recover amount claimed to have been given to the cashier. Cashier claims depositor never gave him the money and depositor has no receipt to show for same. Can depositor recover from bank on deposits handed cashier outside of bank?

The depositor would have a very poor case against the bank upon the facts stated. In the first place, even were it to be conceded that the cashier had authority to bind his bank by the receipt of deposits away from the bank, recovery would hardly be likely in the face of positive denial by the cashier of receipt of the money where the depositor has no written evidence and the question would be which to believe, the depositor or the cashier.

But aside from this, while it is true that a cashier has authority to bind his bank by certain transactions away from the bank, the better opinion is that he has no authority to receive deposits away from the bank. In *Demarest v. Holdeman*, 34 Ind. App. 685, it is held: A cashier has no power to bind his bank by receiving deposits away from the bank and

the customer takes the risk that the cashier will properly deliver the money to the bank to the credit of the customer's account.

To the contrary in an early case in Kentucky, *Pendleton v. Bank*, 1 T. B. Monroe 181, it was held that a cashier holds his office at all times and places and by misapplying funds delivered to him for the bank out of business hours and remote from the banking house, he violates the condition of his official bond to faithfully discharge the duties of his office, rendering the sureties liable thereon.

But the later and better view is that where money intended as a deposit is received by the cashier away from the bank, the act is not official and the bank is not liable unless and until it is received as a deposit at the bank (see *Morse on Banking*, 4th Edn. Sec. 168 f).

### COLLECTION OF CHECK.

Where the payee of a check deposits it in bank for collection and bank mails it to a correspondent, which latter mails check directly to the drawee and latter, after charging amount to drawer, fails without remitting, opinion that (1) drawer is discharged (2) payee is relieved from responsibility and (3) correspondent of first bank is responsible because of mailing the check direct to drawee.

From Montana.—Your opinion is desired upon the following: On December 5th, 1910, this bank received on deposit from its customer a check payable to said customer on the First Bank of Hingham, Mont., for \$106.18. This item was forwarded in our regular remittance to our correspondent at Helena, as a cash item.

The Helena bank had previously found it necessary to handle items on Hingham direct, virtually as collection items, for the reason, as I remember it, that the Hingham bank carried an account only with one other bank in the State; which bank our Helena people did not care to send items to, on account of same not being a responsible concern.

The item in question was therefore sent direct to the bank on which it was drawn, at Hingham, with request that remittance be made for same in the usual way. No remittance being received from the Hingham bank within a reasonable length of time, several letters, one after another, were written by our Helena correspondent, requesting either the return of the item or the money, but without result.

In the meantime the First Bank of Hingham closed its doors. It was simply a private bank, and the proprietor left the country. We later found that the item in question had been paid by the Hingham bank and returned to the drawer with his other cancelled vouchers.

To close the matter up, the Helena bank charged the amount back to our account, and we in turn charged our customer with the amount, advising them of the circumstances.

Our customer submitted the matter to their attorneys, requesting them to begin suit against the drawer of the check. Their attorneys, however, take the position that the Helena bank was negligent in sending the item direct to the bank on which it was drawn, and cite a certain case which was decided by the Supreme Court of the State of Montana many years ago, which they claim covers the case in question.

It seems to us that there has been no negligence on the part of ourselves or our correspondent in the handling of this matter. The drawer of the check still owes the amount to our customer, inasmuch as they never received returns on the check sent to them.

In connection with this matter we enclose herein the acknowledgment slip which the Helena bank sent

to us, covering the remittance which contained this item. On this slip is a notation advising that they do not assume any responsibility for the negligence of their collecting agents.

If the attorneys for our customer are correct in their opinion, that under the present laws of the State of Montana banks are liable in cases of this kind, we would like to bring a suit in this matter and see if the Court would not render a decision favorable to the banks in such cases.

In my opinion if the facts in your case were presented to the Montana courts, they would result in a decision:

(1) That the drawer of the check was discharged from his debt to your customer because his check therefor had been paid, cancelled and surrendered.

(2) That your customer was relieved from responsibility on the two-fold ground (a) that under the law of Montana as laid down in *Power v. Bank*, 6 Mont. 251, the collecting bank is liable for the default of the agent bank, in this case the drawee, and (b) because of the rule, not yet declared in Montana but by the far greater number of courts elsewhere, that mailing direct to the drawee is negligence.

(3) That as between your bank and your Helena correspondent, the latter is responsible because while its letter of advice relieves it from the responsibility otherwise existing under the law of the Power case for default of its correspondent, it does not relieve it from the consequences of its own negligence in mailing the check direct to the drawee.

I think, therefore, it would be inadvisable to take the case to court on any theory that the drawer of the check remains responsible to your customer or the latter to you and that your proper course is to seek reimbursement from your Helena correspondent.

The rule in the Power case that the collecting bank is liable for the defaults of its correspondents, although laid down in Montana a number of years ago, is not likely for that reason to be overturned. It is the same rule which prevails in New York and a number of other States (although a contrary rule prevails in about an equal number of others that if the collecting bank selects a suitable sub-agent it is not liable for the latter's defaults) and collecting banks relieve themselves therefrom by agreements expressly disclaiming responsibility for neglects or defaults of their agents.

The rule that it is negligence to mail a check direct to the drawee has been proclaimed by a preponderance of courts although there are a few cases in which such course is justified. I will not attempt a citation of all the cases on this subject, but will simply refer you to two cases in which agreements of a collecting bank disclaiming responsibility for defaults of correspondents have been held not to relieve against their own negligence in mailing direct to drawees. These cases are:

*Minneapolis Sash & Door Co. v. Metropolitan Bank*, 76 Minn. 136.

*Bank of Rocky Mount v. Floyd*, 142 N. C. 187.

In the Minnesota case the Supreme Court, after holding that the drawee was not a suitable sub-agent and that it was negligence to mail a check for collection direct to the drawee, further held: "This rule is not affected by notice to a deposit that the bank attempting a collection, limits its liability so that it

acts as agent only for the depositor, and in forwarding items for collection is only bound to select agents who are responsible according to its judgment and means of knowledge, and assumes no risk or responsibility on account of the omission, negligence or failure of such agents."

In the North Carolina case the court held, among other propositions as follows: The fact that the Murchison bank undertook the collection under a contract by which the check was received by it for collection "at owner's risk until we receive full actual payment," does not relieve such bank from liability for its own negligence. While this contract might relieve the first bank from liability for defaults of correspondents, although suitably selected, in those States where the law imposes such a liability, it will not be construed to relieve the bank from liability for negligence in selecting an unsuitable agent, the drawee.

#### CHECK "IN FULL TO DATE."

Where given for unliquidated debt or claim, acceptance by payee bars further recovery; otherwise where amount not in dispute and check is for less amount than due.

From Massachusetts.—One of our customers has just presented a check for 900 odd dollars and on the face of the check, which is dated August 23, 1911, the maker has written, "In full to March 1st, 1911." Our customer takes exception to this memorandum and desires to know in case they accepted the check, if it will be considered an acknowledgement on their part that the amount of the check is in full to March 1st.

Whether or not the acceptance by your customer of the check stipulating that it is "in full to March 1, 1911," will bar recovery of anything more, will depend upon the nature of the claim. If the debt for which the check is given is liquidated and undisputed and the check is for less amount than the debt, its acceptance by the creditor will not operate to discharge the balance of the debt. But if the claim is an unliquidated, disputed one, acceptance of the check involves the acceptance of the condition on which it is offered, and bars further recovery.

#### EXPRESS COMPANY AS COLLECTING AGENT.

Opinion that express company which does not undertake to have items protested for non-payment is not a suitable agent for collection of protestable items.

From Alabama.—When we receive an item for collection with instructions to protest in the event of non-payment, the natural inference is that the forwarding bank expects it transmitted through the usual banking channels. And if we send it by express, there is some question as to our liability for the reason that, prior to this time, the express companies have not undertaken to have items protested for non-payment.

Under the terms of our agreement with most banks for which we handle business of this character, it would seem that we would have a right to undertake collection by express, without regard to the instructions to protest for non-payment. For your information, we enclose a memorandum of the agree-

ment, under which we usually serve correspondents. (Agreement enclosed advises correspondents that out of town items "are forwarded by this bank as your agent, to its correspondent, as such agent, for collection, and it is not to be held responsible for the acts of such sub-agents. Unless otherwise instructed, this bank shall be authorized to send all such items directly to the payer to be by it remitted, and may in all cases direct remittance in exchange or such other manner as it may think proper, and shall not be responsible therefor until and unless the exchange or other form of remittance is actually paid to it. All credits of such items are subject to be charged off if the proceeds are not actually received by this bank in due course of the mails.")

Some of our bank friends have suggested that, after receiving an item from the express company unpaid, we might then forward it through the usual channels to be protested in the event of non-payment. We believe, however, that the safer method would be to stand on our right to forward the item by express; and, when it is unpaid through this channel, to return it with such explanations as seem proper to make.

We would appreciate, if you will advise us whether in your opinion we can, without liability, forward protestable items by express for collection. By way of explanation, we might add, it is not usual with us to use the express companies, except in instances in which we have large items on banks that charge an excessive rate for remitting.

You ask whether you can, without liability, forward items by express for collection which you have been instructed to have protested in the event of non-payment knowing that the express company does not undertake to have items protested.

A collecting bank is bound to exercise reasonable diligence in the making of collections and this includes the selection of suitable correspondents. While ordinarily, I presume, an express company would be a suitable collecting agent provided it had adequate facilities for performing the service with proper diligence, including the taking of necessary steps upon dishonor, I think it would be held a negligent act on your part to forward protestable items through an express company for collection, knowing that the express company does not attend to the matter of protest as part of its service. I do not see anything in your agreement which would excuse you in this respect.

It will not do to send items through the express company and when they come back dishonored by non-payment to forward them a second time for protest. Protest to be valid must be made on the day of dishonor.

I think if you desire to avail of the express company's services in special cases, the proper course would be to make a special agreement with the company under which it would agree to have protest made whenever necessary. Probably if, without such an agreement, you sent an item through the express company with instructions to protest which were not carried out, the company assuming the function of a bank making collections would be under the same responsibility as a bank for any damage resulting from failure to carry out the instructions; but this would not relieve you from liability to your principal for selecting an unsuitable agent and the best way would seem to be not to send such items through the express company, without a special arrangement to have them protested in the event of non-payment.

**NOTE PAYABLE AT BANK.**

Where customer makes his note payable at bank, payment by bank at maturity and charged to customer's account is proper.

From Oklahoma.—Please advise me if a bank is justified in paying a note under the following condition: A holds a note of B, payable to the order of A at C bank. B has money on deposit at C bank. Would the bank be allowed to pay note when same is due and charge same to B's account?

Payment of the note at maturity by C bank and charge of the amount to B's account is proper. The Negotiable Instruments Law provides: "Where the instrument is made payable at a bank it is equivalent to an order to the bank to pay the same for the account of the principal debtor thereon."

**VALIDITY OF PROTEST.**

Draft drawn on County Treasurer presented to Treasurer's depository in another town where it is customary to present all drafts drawn on Treasurer. When refused payment because "no funds in general fund" opinion that presentment sufficient and protest for non-payment legal and valid.

From Mississippi.—We receive from Bank A with their usual protest instructions a warrant drawn by the Board of Supervisors on the County Treasurer. Bank A received the same from Bank B with same instructions. Bank B received the same from one of their customers. The County Treasurer does not live in our town, but Bank C of this city is his recognized depository, who either honors or dishonors all warrants drawn on the Treasurer, a custom which is recognized by all banks in the county. The Treasurer is payer de jure, but Bank C is payer de facto. Bank B has an account with the County Treasurer on their books, as have most of the other banks in the county, but they know and all the other banks know as well as most of the citizens of the county, that all warrants are payable at Bank C, of this city, else they would have charged these warrants to the County Treasurer's account on their books, or presented them to him, as he lives in the country and not much farther from us than them. Now, Bank C turns down the warrant in question with notation "no funds in general fund," thereby admitting their authority to pay warrants but refusing payment in this case on account of "no funds in general fund." Our notary duly presents the warrant to Bank C for payment, but after demand is refused, protests same for non-payment. It afterwards develops that Bank B refuses to pay protest fees giving as their reason that same was not legally done. Kindly give us your opinion.

I think under the facts stated, the protest was legal and proper, assuming the warrant was a negotiable draft on Bank C.

Of course to justify a protest, the draft must be presented for payment at the proper place or, in other words, must be duly presented, and ordinarily, where no place of payment is specified in the draft, as in this case, the place of business or residence of the drawee is the proper place and presentment at a bank in another place where he keeps his account would not be sufficient.

But although no place of payment is designated in the draft, it has been held that where there is an agreement or understanding of the parties that the instrument shall be presented at a specified place, presentment at that place is proper and sufficient, al-

though there is no presentment to the drawee at his place of business or residence.

This point came up before the Supreme Court of the United States in the early case of Brent's Executors v. Bank of the Metropolis, 1 Pet. 89, 92, and Chief Justice Marshall gave the reasons on which the rule is founded. The maker of an indorsed note which did not specify a particular place of payment, resided in a town in Maryland. The note was discounted by the Bank of the Metropolis in Washington and at maturity payment was demanded at the bank and no demand was made at the place of residence of the maker. In an action against the indorser he contended that there had been no sufficient presentment and that he was discharged. The bank proved that the maker resided in a town twenty miles away; that other similar notes of the same parties had been demanded at the bank and the payment acquiesced in and that it was the bank's custom, in all cases where the maker was a non-resident, to require an agreement to pay such notes at the bank and that they never would have agreed to discount the note except upon this condition, which was presumably known to all the parties. The jury were instructed that if from the evidence they were satisfied that it was agreed by all parties that payment should be demanded at the bank and that it was so demanded, then personal demand on the maker was not necessary. In sustaining a verdict and judgment for the bank, Chief Justice Marshall held that the evidence was admissible and that it was sufficient to authorize a verdict. He said:

"This is not an attempt to vary a written instrument. The place of demand is not expressed in the face of the note and the necessity of a demand in person when the parties are silent, is an inference of law which is drawn only when they are silent. The parol agreement puts an end to this inference and dispenses with a personal demand. The parties consent to a demand at a stipulated place, instead of a demand on the person of the maker, and this does not alter the instrument, so far as it goes, but supplies extrinsic circumstances which the parties are at liberty to supply. \* \* \* The indorser undertakes conditionally to pay, if the maker does not, and this imposes on the holder the necessity of taking the proper steps to obtain payment from the maker. This contract is not written, but is implied. It is that due diligence to obtain payment from the maker shall be used. When the parties agree what this due diligence shall be, they do not alter a written contract, but agree upon an extrinsic circumstance and substitute that agreement for an act which the law prescribes only when the parties are silent."

The Supreme Court of the United States in the later case of Cox v. National Bank, 100 U. S. 704, also holds that where no place of payment is expressed in a bill or note, the general rule, in the absence of any agreement or circumstance fixing or indicating a different intention, is that the place of payment is the place where the acceptor or maker resides or at their usual place of business; and the court cites Brent's Executors v. Bank of Metropolis, in support of the rule that parol testimony to show such an agreement is admissible.

Sufficient has been cited to indicate that although a draft or note is not expressly made payable at a bank, it will be held as so payable if there is shown a sufficient custom, understanding or agreement to

that effect, in which case the parol agreement that the instrument is payable at the bank is equivalent to an express designation in the instrument of the bank as the place of payment and presentment at the bank will be sufficient.

I think the facts stated by you clearly bring the present case within this rule.

These are that all warrants or drafts on the treasurer have been uniformly presented at Bank C, his depository, and never at the home town of the treasurer; that Bank C either honors or dishonors all such drafts; that this custom is recognized by all the banks in the county, including Bank B, and that Bank B keeps an account on its books with the treasurer and had that bank not intended that the draft in question should be presented for payment at Bank C, it would have charged the warrant to his account on its books or presented it to him at his home town which was just as near to Bank B as to Bank C.

It would seem from these facts that the case is one where, by custom or agreement of the parties, the warrant or draft in question was payable at Bank C and not at the home town of the treasurer and that therefore presentment for payment to that bank was proper and protest for non-payment legal.

#### PROTEST OF POST-DATED CHECK.

**Post-dated check is protestable for non-payment the same as ordinary check.**

From Michigan.—Kindly give your opinion as to the advisability of protesting for non-payment a post-dated check.

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.

#### COLLATERAL PLEDGED BY BANKRUPT.

**Assignment of notes as collateral held more than four months prior to bankruptcy not a preference although notes not collected within four months.**

From Idaho.—The A. Hdw. Co. owed us \$2,500, due Dec. 1, 1910. We collected a number of small notes which had been placed with us as collateral for its note and for collection, amounting to \$500, and applied the same on said note Jan. 5th, 1911. On April 28th, 1911, petition in bankruptcy was filed against the A. Hdw. Co. Query:—Can we hold the \$500 applied on the note due Dec., 1910, when applied within 4 months of date of the filing of said petition; or can such a payment be avoided on the ground of a preference. Our State Laws provide for a lien in favor of a bank on all its debtor's property in its possession. Could we also hold a lot of other notes and papers coming into our hands on Dec. 26th, 1910, in case we did not care to put in a claim against the bankrupt estate? Would be glad to have your opinion, as we are now called upon to return the \$500 to the trustee in bankruptcy and other property.

The \$500 collected by you within the four months of the bankruptcy from collateral pledged more than four months prior thereto, would not be a preference. In the case of Bird, 180 Fed. 229, decided in 1910, it was held that where an assignment of accounts is made by a debtor more than four months prior to the bankruptcy, the fact that the accounts are not

collected by the creditor until within four months does not make the transaction a preference. Citing Lowell v. International Trust Co., 158 Fed. 781.

Concerning the pledge of additional notes by the debtor on December 26, 1910, as this was more than four months prior to the filing of petition in bankruptcy (April 28, 1911), such pledge would not constitute a preference.

It would seem that you would be entitled to hold the \$500 and prove your claim against the estate of the bankrupt for the balance above the value of the collateral in your hands. Section 57h of the Bankrupt Law provides: "The value of securities held by secured creditors shall be determined by converting the same into money according to the terms of the agreement, pursuant to which such securities were delivered to such creditors, or by such creditors and the trustee, by agreement, arbitration, compromise or litigation, as the court may direct, and the amount of such value shall be credited upon such claims, and a dividend shall be paid only on the unpaid balance."

#### PREFERENCE BY BANKRUPT.

**Substitution of securities within four months not a preference—but question whether, when collateral released on promise of substitution which is not fulfilled until a month later, bank receiving the new collateral can successfully defend as against claim of preference.**

From Oklahoma.—Our bank made a loan to a mercantile partnership and took as security for the loan a collateral note owned by one of the partners. The note was made to us by the partnership in November, 1910. On January 1st, 1911, the owner of the collateral note arranged to dispose of it on a basis of \$1,000 cash and an equity in a farm, and the mercantile partnership whose note we held for which the collateral note was given as security, being in need of cash to meet maturing bills, asked our permission to put cash into their business out of the proceeds of the collateral notes and pay us a little later with farmers' notes, which they were taking in the course of their business. To this we agreed and released the collateral note.

In February we received from the partnership notes taking up most of our note, entered the new notes as our own property and gave credit for the amounts on the mercantile partnership note. The first of March the balance due us was paid by check.

After the middle of March the mercantile partnership made us a statement of their business which showed them to be entirely solvent and we had no reason to believe, when we were being paid by the concern, that the firm was bankrupt.

Shortly after the first of March it became evident that they were being pressed for funds to meet bills coming due and so many claims came in upon them that it was soon evident that they could not meet the claims unless some means were taken to provide additional time, and the result was finally an assignment on March 29. The assignment was followed by bankruptcy.

The question we wish answered is whether the settlement of our note as above indicated would constitute a preference payment.

The case, as stated, is that more than four months prior to the bankruptcy you made a loan on pledge of collateral; that within the four months your bank released the collateral on promise of the debtor to substitute farmers' notes later; that such farmers' notes were afterwards substituted for most of the loan and the balance paid by check and at this time you had no reason to believe the mercantile partner-

ship was not entirely solvent. Further, that a month thereafter they were forced into bankruptcy.

Of course, if at the time of the transfer of the farmers' notes to you, the mercantile partnership was not insolvent, there would be no preference. This is a matter which would have to be determined by proof.

Assuming the debtor was insolvent at that time then the transfer to you of the farmers' notes for the past indebtedness would probably be held a preference unless you could obviate such a claim on the part of the trustee in bankruptcy on the ground that such transfer was a substitute of collateral pursuant to prior agreement. On this point, the decision in *Reese-Hammond Fire Brick Co.*, 181 Fed. 641, may be helpful to you. A note was given by a corporation to a bank more than four months before its bankruptcy. It was secured by an assignment of book accounts. As the assigned accounts were paid over to the corporation, other accounts were substituted and thus the bank's collateral was preserved in a form satisfactory to it. The new accounts were assigned to the bank within four months of the bankruptcy and the trustee claimed they were voidable preferences in favor of the bank. But the court said: "The weight of evidence supports the court's finding that the accounts assigned took the places of accounts paid and that these transactions did not impair the rights of the general creditors, for the reason that the substitutions of new for old securities did not in any wise diminish the debtor's estate available for those creditors." The court cited *Sawyer v. Turpin*, 91 U. S. 114, in which the Supreme Court said: "It is too well settled to require discussion that an exchange of securities within the four months is not a fraudulent preference within the meaning of the bankrupt law, even when the creditor and the debtor know that the latter is insolvent, if the security given up is a valid one when the exchange is made, and if it be undoubtedly of equal value with the security substituted for it."

On the other hand, it has been held that a parol agreement by a borrower when a loan was made to give security upon the property which was to be purchased with the borrowed money does not render valid a mortgage given pursuant thereto within four months prior to the borrower's bankruptcy and when he was insolvent and such mortgage constitutes a voidable preference. *Re Dismal Swamp Contracting Co.*, 135 Fed. 415.

Assuming the mercantile partnership insolvent when the farmers' notes were transferred to you, it is doubtful whether you could defend against a claim of preference in view of the fact that the notes were not immediately exchanged for the collateral; but the collateral was relinquished on a promise to substitute such notes which promise was not fulfilled until a month later. In other words, while a substitution of new collateral within the four months in exchange for collateral relinquished at the same time would not be a preference, it is doubtful whether it would be so held where a promise to give new collateral was not carried out and substitution made until a month after the old collateral was released.

**NEGOTIABILITY OF CHECK.**

**Check to payee only not negotiable. Question whether drawee should pay form of check submitted.**

From New Jersey.—Will you kindly give us your legal opinion as to the negotiability of a check as described below?

Trenton, N. J., July 5, 1911.  
 Counter Check.  
 First National Bank of Blank, N. J.  
 (Blank Bank, Trenton, N. J., erased.)  
 Pay to John Doe.....  
 One Dollar  
 \$1.00

(Signed) John Doe

Endorsed: John Doe.  
 Endorsed: Blank Bank, Trenton.  
 Endorsed: Blank Bank, Newark, N. J.  
 Presented for payment to us by Newark bank.

It will be seen that John Doe obtained from Blank Bank \$1.00, supplying his signature to their counter check, which he first changed to read the "First National Bank," where he had funds on deposit.

Is the check a negotiable item, or should the First National Bank have refused payment?

This check is not negotiable because John Doe makes it payable to himself only, without the words order or bearer. Technically I suppose the drawee bank should not pay a check so drawn to anyone except the payee although in the particular case illustrated, where Doe's transferee is a bank and the amount is trifling, payment doubtless may safely be made. But as a general proposition a bank would not be safe in paying such a non-negotiable check to anyone but the payee. Suppose, for example, John Smith obtains the check from John Doe by fraud. Of course, Doe would not be responsible on the check to any subsequent holder, it being non-negotiable, and if the drawee bank should pay the check to a transferee I think it would do so at its peril.

The fact that a check is drawn on the blank form of another bank does not make it invalid but places an additional burden on the drawee to safeguard itself against the perpetration of fraud. For example, a case was decided in Texas a few years ago where a man, after issuing his check on a bank, stopped its payment for good cause and afterwards transferred his account to another bank. The holder of the check crossed out the name of the bank on which it was drawn and substituted the name of the bank to which the drawer had transferred his account and that bank paid the check. The court held the payor bank must stand the loss and could not charge the amount to its depositor. While his signature to the check was genuine, it had paid on a forgery of the drawee's name, which payment of course was unauthorized.

**LIABILITY OF BANK ON FORGED INDORSEMENT.**

**Question whether statute in New Jersey which limits liability of bank to depositor for payment of forged or raised checks to one year after return of voucher, applies to payment of check on forged indorsement.**

From New Jersey.—Is there any law in New Jersey limiting the time in which a depositor may make a claim against a bank for a forged indorsement?

By act of the Legislature of New Jersey, April 13, 1908, it is provided that

"No bank shall be liable to a depositor for the payment by it of a forged or raised check, unless within one year after the return to the depositor of the voucher of such payment such depositor shall notify the bank that the check so paid was forged or raised."

A similar act has been passed in a number of other States. There is considerable doubt whether this act covers forged indorsements, as well as forged and raised checks, but the Supreme Court of New Jersey in *Pratt v. Union Nat. Bank*, 75 Atl. 313, seems to have taken the view that it does cover indorsements. That was a case where a depositor of a bank in Atlantic City mailed his check to a payee in Philadelphia and the check was paid on forged indorsement of the payee's name. The canceled check was returned to the depositor on November 7, 1906, but it was not until the Spring of 1908 that the depositor was notified by the payee of the forgery and notified the bank. In an action by the depositor against the bank, the court held that the statute in question did not affect the case, but this ruling was based on the ground that the transaction took place before the statute was enacted and not on the ground that the statute would have been inapplicable if it had been in force, for the contrary is clearly inferred. In this case the check was paid in September, 1906, returned as a voucher to the depositor in November, 1906, but the bank not notified until May, 1908, and an action against the bank brought in October, 1908. The statute in question was enacted April 13, 1908. The court said:

"It is said that there can be no recovery, because no notice was given to the bank of the forgery within one year after the return to the depositor of the voucher. It is true that the act of April 13, 1908 (P. L. p. 423), provides that 'no bank shall be liable to a depositor for the payment by it of a forged or raised check, unless within one year after the return to the depositor

of the voucher of such payment such depositor shall notify the bank that the check so paid was forged or raised.' It is also true that the act provides that it shall take effect immediately. The important question is whether the act has any application to the case at bar. That depends upon whether it is intended to be retrospective, or prospective only. We think it is prospective only. It is a rule of construction that all statutes are to be considered prospective, unless the language is express to the contrary, or there is a necessary implication to that effect. *Harvey v. Tyler*, 2 Wall. 347; *U. S. v. Heth*, 3 Cranch, 413; *Washing v. Hunt*, 47 N. J. Law, 256, affirmed *Hunt v. Washing*, 48 N. J. Law, 613. The statute in question contains no express language indicating that it is to have a retroactive effect, nor is there any such necessary implication. The action in question accrued before the statute was enacted. To give it effect in this case would deprive the plaintiff of his existing remedy, for he did not discover the forgery until after the time limited by the statute had elapsed. It will be presumed that such was not the intent of the Legislature. To avoid such a result we should give the statute a prospective operation. We are of the opinion, therefore, that it does not affect this suit."

From this it may quite clearly be inferred that had this statute been in force in New Jersey in September, 1906, it would have been held to apply to the forged indorsement in this case and to "deprive the plaintiff of his existing remedy."

At the same time, the Supreme Court of New Jersey has not positively so decided and while the presumption would be that in any future case involving a forged indorsement the Supreme Court would, in conformity with its former view, decide that the statute applied to such a case, yet this cannot be foretold with absolute certainty, especially as the statute has not been generally understood to cover forged indorsements, as distinguished from forged and raised checks, and has never yet been so construed by any court outside of New Jersey.

# 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.—Hinckley Block.  
PORTLAND, ORE.—Board of Trade Bldg.  
MINNEAPOLIS, MINN.—Bank of Commerce Bldg.  
KANSAS CITY, MO.—Midland Bldg.  
NEW ORLEANS, LA.—Whitney Central Bldg.

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

ARKANSAS, LITTLE ROCK.—W. L. Vick, 325 West Markham Street.  
COLORADO, DENVER.—Kerr Detective Service, Kittridge Building.  
DIST. OF COLUMBIA, WASHINGTON.—Edw. B. Harrigan, Stewart Building.  
GEORGIA, ATLANTA.—C. E. Sears, Atlanta National Bank Bldg.  
IOWA, SIOUX CITY.—W. C. Davenport Detective Agency, Iowa Bldg.  
KENTUCKY, LOUISVILLE.—Donahue Detective Agency, 400 Commercial Bldg.  
LOUISIANA, SHREVEPORT.—T. D. Price, City Hall.  
MICHIGAN, DETROIT.—Sadler Detective Bureau, Hammond Bldg.  
MISSOURI, ST. LOUIS.—Furlong Secret Service Co., Chemical Bldg.  
OHIO, CINCINNATI.—Furlong Secret Service Co., Lyric Theatre Bldg.  
OHIO, CLEVELAND.—Mintz Detective Agency, 311 Superior Street.  
OHIO, TOLEDO.—Manley Detective Agency, Spitzer Bldg.  
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 Ave.  
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.—Calchos & Debisschop, 15-17 Rue Auber.

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

On August 3, 1911, a bank (M) in Johnson City, Tenn., cashed a forged check for one R. A. McKnight. The case was reported to the William J. Burns National Detective Agency on September 2. During the investigation of the case by the Burns Agency, McKnight was located in Florence, Ala., by the local authorities, who immediately took him into custody. He has since been returned to Johnson City, Tenn., where he now awaits trial.



E. E. WEST.

On September 12th, 1911, a report was received from a Harrisonville, Mo., bank (M) that they had on that date caused the arrest in that city of a person giving the name of H. B. Wirtman, who had attempted to defraud the bank by means of a worthless check. Our detective agents, the William J. Burns National Detective Agency, investigated the matter and determined that Wirtman's correct name was E. E. West, and that he has also operated under the name of Ralph Pagteron. He is 27 years of age, 5 feet 8 inches tall, weighs 165 lbs., medium stout build, dark chestnut hair, smooth shaven, blue eyes.

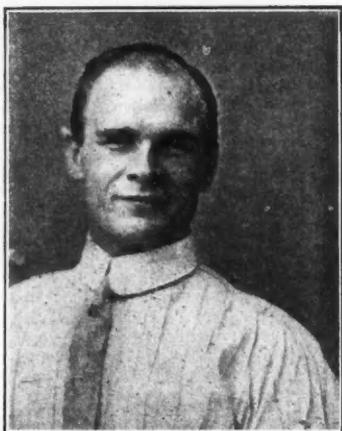
On September 6, 1911, a bank (M) in New York City, reported that it had cashed a forged check purporting to be signed by a depositor. Our Detective Agents, The William J. Burns National Detective Agency, undertook an investigation of the case and determined that the forgery had evidently been committed by one Alma H. Kraft, who, it was learned, was being held in Hartford, Conn., on another charge. The Burns Agency immediately arranged to have an indictment returned against the Kraft woman, as a result of which she was turned over to the New York authorities on September 22, and now awaits trial in New York.

J. O. Flanagan, claiming to be an insurance agent, is wanted in Cleveland, O., for forgery. He is 36 years of age, 5 feet 9 inches tall, weighs 175 lbs., black hair, smooth shaven, well dressed.



R. D. CHESTNUT.

On September 8th, 1911, a bank (M) in Joplin, Mo., reported that it had suffered a loss through cashing a number of forged pay checks. Our Detective Agents, the William J. Burns National Detective Agency, investigated the case and found that the checks in question had been tendered to storekeepers in payment of purchases. A canvass of the various mercantile establishments in Joplin was then made by the Burns Agency's representative, and as a result of same one R. D. Chestnut was placed under arrest in Joplin on September 9th after tendering one of the forged checks in payment of goods. Chestnut was thoroughly questioned by the representative from the Burns Agency and confessed that he had passed all of the forged checks that had been circulated. Chestnut is 22 years of age, 5 feet 6 inches tall, weighs 125 lbs., light complexion, light hair. He now awaits trial in Joplin.



CHARLES O'CONNOR.

Chas. O'Connor, a cook by trade, forged the endorsements to a number of pay checks in Melstone, Mont., and has since left for parts unknown. He is 35 years of age, 5 feet 7 inches tall, weighs 140 lbs., light hair, partly bald, has tattoo marks on body.

Walter Parnell is wanted in Washington, D. C., on a charge of forgery. He is described as a mulatto, 26 years of age, medium build, 5 feet 11 inches tall, weighs 160 lbs.

La Tour Vaught, until recently a resident of Olathe, Kans., has since left that town for parts unknown, following the forgery by him of a number of checks. Vaught is 23 years of age, 5 feet 9 inches tall, weighs 150 to 155 lbs., slender build, dark complexion, black wavy hair, gray eyes, smooth shaven, prominent ears, erect walk.

The police of Hatboro, Pa., hold a warrant charging Lewis Mason, alias Lewis Stevens, with forgery. Mason's description is given as 35 years of age, 5 feet 10 inches tall, weighs 180 lbs., light gray eyes, light complexion, heavy build, scar on right cheek.

The authorities of Benton Harbor, Mich., hold a warrant for the arrest of Fred Bonnell, a telegraph operator and former resident of Benton Harbor, who obtained cash on checks to which he had forged a depositor's signature. Bonnell is 24 years of age, 5 feet 7 inches tall, medium build, weighs 140 lbs., fair complexion, brown hair, blue eyes, smooth shaven, prominent front teeth.

One Elmer Huffman, alias Frank Simmons cashed a forged check in Fredonia, Kans., where a warrant for his arrest is now in existence. He is 25 to 27 years of age, 5 feet 11 inches tall, weighs 175 lbs., smooth shaven, dark hair.

A party giving the name of J. A. Taylor, alias D. A. Thomas, alias Joe Booker, alias H. G. Johnson, is issuing worthless checks drawn on a Louisville, Ky., bank. He is described as 6 feet tall, well built, dark eyes, dark hair, long, thin nose, prominent cheek bones and retreating chin.

One P. A. D. Perry is wanted in Caldwell, Ida., where he formerly conducted a book store. It is said that Perry has succeeded in obtaining considerable funds on worthless checks. He is described as 55 years of age, 5 feet 6 or 7 inches tall, weighs 180 lbs., stout build, left foot is crippled, blue or gray eyes, hair streaked with gray.

John H. Redman, a young man who was formerly a resident of Arlington, Kans., is wanted in that city for forging his grandfather's name to a check. He is 5 feet 9 inches tall, weighs 135 to 140 lbs., light hair.

Worthless checks drawn on an Albany, N. Y., bank have made their appearance in different parts of New York State. These checks purport to be signed by the Alton Publishing Co.

Page 527 of the March, 1911, Journal contains an article regarding a person who under the name of Ed. L. Butler, defrauded a Cheyenne, Wyo., bank with forged check; and page 103 (first column) of the August, 1911, Journal, contains an article in regard to one Edward Morris, who defrauded an Asbury Park, N. J., bank (M) with a worthless check. On September 5th, one Isaac L. Raines surrendered himself to the authorities as a deserter from the United States Army. Our detective agents, the William J. Burns National Detective Agency, looked up Raines, and it was soon positively determined that Raines was none other than the Edward L. Butler and Edward M. Morris above referred to. Raines is being detained in custody at Fort Jay, Governors Island, N. Y., to answer to the charge of desertion. He will later be turned over to the civil authorities to stand trial for the frauds perpetrated by him.

A bank (M) in Monesson, Pa., recently suffered a loss on forged checks. On September 4th, 1911, one of the bank's employees ran across a man in Monesson whom he identified as a party who had pre-

sented one of the forged checks at the bank. That party was immediately placed under arrest and gave his name as Roceo Muccini. He is now lodged in jail in Monesson awaiting trial. Our detective agents, the William J. Burns National Detective Agency, are actively at work, making an effort to strengthen the case against Muccini.

Page 32 (second column) of the July, 1911, Journal, contains an account concerning one A. E. Stone, who defrauded a Washington, Kans., bank (M) by means of a raised check. On September 1st, 1911, a young man was arrested at Lake View, Kans., for burglarizing the railroad depot. He has since been identified as Stone. He now awaits trial at Lawrence, Kans., and steps have been taken to have him returned later to Washington, Kans.



ROBERT F. DU BOIS.

The above is a photograph of Robert F. Du Bois a deserter from the army, who is wanted in Oklahoma City, Okla., charged with forgery. He is about 37 years of age, 5 feet 6½ inches tall, weighs 160 lbs., blue eyes, dark brown hair, ruddy complexion, scars on right side of forehead, right cheek and left side of neck.

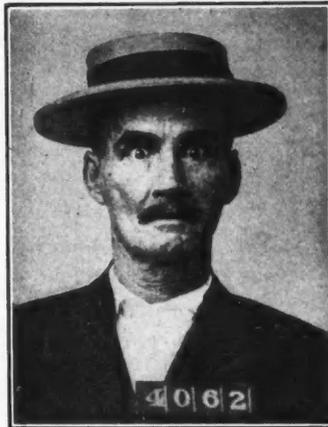
Page 159 (second column) of the September, 1911, Journal contains an account of the operations of O. W. Deckard. On September 6th Deckard attempted to perpetrate a swindle in Vernon, Tex. One of the persons with whom Deckard had dealings became suspicious of him and caused Deckard's arrest. Deckard was delivered into the hands of the Frederick, Okla., authorities, and now awaits trial in Frederick. He will later be brought to Mead, Kans., for defrauding a bank (M) in that city.

On August 14th, 1911, A Denver, Colo., bank (M) cashed a forged check and reported the case on August 24th. Our detective agents, the William J. Burns National Detective Agency, found one Frank B. Scholl to be the guilty person. A thorough investigation was conducted by the Burns Agency, which resulted in their locating and causing the arrest of Scholl in Kansas City, Mo., on September 20th, 1911. Scholl is 23 years of age, 5 feet 6 inches tall, weighs 145 lbs., black hair, brown eyes, tanned complexion. He has been delivered into the custody of the Denver authorities and now awaits trial in that city.

On page 162 (second column) of the September, 1911, Journal, is published an article relating to Stephen Pedlock, who defrauded a Scranton, Pa., bank through a forgery. On September 13th, 1911, Pedlock was taken into custody by the local authorities of

Windber, Pa., and returned to Scranton, where, when brought to trial, he received an indeterminate sentence in the Huntington, Pa., state reformatory.

On September 1st, 1911, a Bartlesville, Okla., bank (M) reported a forgery which proved to be the work of one Bert Clark, a resident of that city. Clark skipped town after committing the forgery and our detective agents, the William J. Burns National Detective Agency, at once took up the matter, with the result that through their efforts Clark was taken into custody at Rockwood, Tenn., on September 8th, 1911. He has been turned over to the Oklahoma authorities for trial in Bartlesville. Clark is described as an expert glazier, 38 years of age, 5 feet 6 inches tall, weighs 110 lbs.



J. L. WORTHAM.

The above is a photograph of a party giving the name of J. L. Wortham, who, on August 25th, 1911, was arrested in Seattle, Wash., by the local police after defrauding a Seattle bank (M). Wortham has been identified as T. J. Mowery, alias I. T. Murray, whose photograph was published on page 543 of the June, 1910, Journal, and who escaped from the Canon City, Colo., State Penitentiary, while serving an indeterminate sentence. Upon being brought to trial for the Seattle offense Wortham was convicted and sentenced to serve three to twenty years, but it was arranged that he complete his unexpired term in Colorado, and he has been turned over to the Colorado authorities.

On August 28th, 1911, a bank (M) in Greenville, Miss., received from Little Rock, Ark., a telegram purporting to come from one of its depositors requesting that the bank in question telegraph to him one hundred dollars in care of a Little Rock bank (M). The cashier of the Greenville bank became suspicious and called the matter to the attention of our detective agents, the William J. Burns National Detective Agency, who at once set out to trace the swindler, with the result that they were successful in causing his arrest on the evening of the 28th of B. C. Trigg. Trigg now awaits trial in Little Rock.

On August 31st, 1911, a report was received from a Buffalo, N. Y., bank (M) that one of its depositors' pass books had been stolen and the amount credited therein had been fraudulently withdrawn from the bank. Our detective agents instituted a search for the guilty party, who proved to be one George Lie, and they succeeded in locating and causing his arrest in Newcastle, Pa., on September 8th. Lie has since been returned to Buffalo, where he is lodged in jail awaiting trial. He has acknowledged and confessed his guilt.

Page 161 (second column) of the September, 1911, Journal, contains an article concerning one Maurice Selditz in connection with a forgery perpetrated on a Baltimore, Md., bank (M). On September 12th, 1911, Selditz returned to Baltimore, after an absence from that city, and surrendered himself to the local authorities. He has been let out on \$1,500 bail pending his trial.

The police of New York and Brooklyn hold warrants for the arrest of D. G. Stephenson, who has issued bogus checks drawn on a Springfield, Mass., bank. Stephenson is 38 years of age, 5 feet 7½ inches tall, weighs 160 lbs., well built, light hair, smooth shaven, claimed to be interested in the cigar business, has the appearance of a well-to-do business man. A specimen of this swindler's handwriting is published herewith.

Five Hundred  
D. G. Stephenson  
233 500 8th

One John A. Phillips, alias John F. Miller, alias George Brown, is wanted on a worthless check charge in Quarryville, Pa. This swindler is 50 to 55 years of age, 5 feet 4 or 5 inches tall, weighs 130 lbs., dark complexion, dark brown hair, mixed with gray, smooth shaven. We reproduce herewith a specimen of Phillips' handwriting.

John A. Phillips  
Twenty  
2800 122

A hotel beat who travels with a woman alleged to be his wife and who registers variously as F. A. Christy, Harvey C. Pullman, F. Frawley, F. A. Condron, O. S. Boville, etc., succeeded in defrauding a number of hotel proprietors during September by issuing forged checks for amounts averaging \$50 each, and drawn on a Pittsburgh bank. The couple were in New Orleans, La., as late as September 22d last, and the woman, who claimed to be a relative of the Chicago Pullman family, was active in an attempt to defraud a bank in that city. The Pullmans use only forged certified checks in their travels, and the name forged is that of O. P. Gregory. El Paso, Tex., and Cheyenne, Wyo., have been visited by this couple, who left forged checks behind in each place they stopped.

On August 22d, 1911, a report was received from a Hoquiam, Wash., bank (M) that one Thos. McDonald had defrauded the bank with a forged check. Our detective agents, the William J. Burns National Detective Agency undertook to investigate the matter and during the course of their investigation McDonald was apprehended by the local authorities at Montesano, Wash., on August 23d. He has been returned to Hoquiam for trial. McDonald is 47 years of age, 5 feet 9 inches tall, weighs 165 lbs., light sandy brown hair mixed with gray, gray eyes, dark complexion.

The June, 1911, Journal, page 741 (second column), contains an article regarding Henry Clay, who was arrested in connection with a forgery perpetrated on a Hoquiam, E. Wash., bank (M). The prosecution has been withdrawn in this case and Clay was granted his freedom.

F. E. Evans, alias William Gates, is wanted in Covington, Ky., for having passed worthless checks in that city. These checks are drawn on a Newport, Ky., bank and purport to be signed by a depositor in that institution. This swindler is 21 to 23 years of age, 5 feet 6 inches tall, weighs 125 to 130 lbs., slender build, dark complexion, smooth shaven, freckled face, neat appearance. A specimen of Evans handwriting is reproduced herewith.

F. E. Evans  
Forty Five  
45 50  
100

A young man claiming to be Fred C. Bixby is wanted in Henderson, Ky., for forging the endorsement to a check in that city. He is said to be 25 years of age, 5 feet 8 or 9 inches tall, light complexion, light brown hair, gray eyes, wore a gray suit and cap when last seen. A sample of Bixby's handwriting is published below.

Fred C. Bixby  
Twenty-eight  
School 58

The protective department has received from a Jersey City, N. J., bank (M) a communication reading as follows:

"We are being annoyed by the presentation of checks drawn upon us by the Associations Company of New Jersey, signed by J. S. McCain, Vice-President, and J. I. Himmelmright, Treasurer, most of which are to the order of J. S. McCain, and apparently cashed by him at various hotels throughout the country.

"The last check was cashed apparently at a Buffalo, N. Y., hotel. We formerly had the account of the Associations Company of New Jersey, but becoming dissatisfied with the status of the company and their method of doing business, requested that the account be closed, and which was done last fall. The last known address of the company was 1711 Flatiron Bldg., New York City. It is very probable that they are still doing business, but it is also very apparent to us that McCain is making use of the forms of checks in the possession of the company to defraud, and we have had several complaints filed with us concerning same."

One Elmer E. Elsworth is wanted in Asbury Park, N. J., on a charge of forgery. He is 22 years of age (looks older), tall, slender build, refined appearance, dark brown hair.

On page 98 (second column) of the August, 1911, Journal there is recorded the arrest of John A. Harmon, who defrauded a Hoquiam, Wash., bank (M). While awaiting trial for this offense, Harmon escaped from jail and is now a fugitive from justice.

The July, 1911, Journal, on page 35 (first column) contains an article relating to the arrest of Frank E. Peabody, in connection with a forgery perpetrated on a Connelleville, Pa., bank (M). Peabody has since been released on probation.

A person giving the name of Charles M. McCann is wanted in New York City in connection with a swindle perpetrated by him. McCann claimed to have come from Hood River, Ore., where he said he was engaged in the apple-raising business. He tendered a check for \$8,750, bearing a forged certification and managed to secure a large advance on same. McCann is 28 years of age, 5 feet 9 inches tall, weighs 165 lbs., ruddy complexion, tanned, freckles across forehead, light brown hair, claimed to be a West Point graduate. We reproduce below a specimen of his handwriting.

*Charles M. McCann*

A bank (M) in Sherwood, Ore., reported on August 31st, 1911, that a forged check had been inadvertently honored by that institution. Our detective agents, the William J. Burns National Detective Agency, investigated the case and determined that the forgery was committed by one B. S. Payne, 35 years of age, 5 feet 11 inches tall, weighing 180 lbs., slightly stooped, fair complexion, smooth shaven. The Burns Agency traced Payne to St. Johns, Ore., and caused his arrest there on September 1st. He has been taken back to Sherwood and now awaits trial there.



We publish above a fac-simile of a bogus check passed September 16, 1911, upon a merchant in New Smyrna, Fla., by one G. M. Markett, who had one day previously defrauded a bank of Daytona, Fla., of the same amount (\$85) in exactly the same manner. It appears that Markett, claiming to represent the United China & Glass Co., of New Orleans, La., called at the Daytona bank on Sept. 15, and managed to identify himself by showing an order to the company for goods, which, he stated, had been given to him by one of the local merchants. On the strength of this identification, and the satisfactory commercial rating of the company, the Daytona bank felt justified in cashing the check for \$85, which was on a printed blank of the company and purported to be signed by "T. H. Stanley, Treasurer." On the following day, Markett made his appearance in New Smyrna, Fla., and succeeded in victimizing the bank there by making the same false representations. The United China & Glass Co., upon being communicated with, declared that neither Stanley nor Markett was known to that concern. Markett is described as about 5 ft., 10 in.; 40 years old, and weighing about 160 lbs. The matter has been referred to our detective agents, and their representative, at this writing, is engaged in an active investigation of the case.

Page 103 (second column) of the August, 1911, Journal contains an article relating to the arrest of Arthur C. Rothenberg in connection with a forgery perpetrated on a Brooklyn, N. Y., bank (M). The Grand Jury failed to return a true bill against Rothenberg and he was therefore released from custody.



MIKE LABA.

The above is a photograph of Mike Laba, whom our detective agents, the William J. Burns National Detective Agency, succeeded in apprehending in Bowling Green, O., on August 30th, 1911, for defrauding a New York bank (M) by means of a forged check. The case was reported by the bank in question on August 21st. Following his arrest Laba was extradited to New York, and on September 22d was given a sentence of one to ten years in the Elmira, N. Y., reformatory. Laba is 21 years of age, 5 feet 2 inches tall, weighs 125 to 130 lbs., dark hair, dark complexion.



H. H. MOODY.

The above is a photograph of H. H. Moody, who defrauded an Oklahoma City, Okla., bank (M) by means of a forgery. On September 7th, 1911, Moody was picked up by the local police of Ossawatimie, Kans., and has been returned to Oklahoma City for trial.

There is published on page 103 (second column) of the August, 1911, Journal, an article concerning the arrest of Tony Rossi, who perpetrated a forgery on a Mamaroneck, N. Y., bank (M). He has since been given a sentence of one year in Sing Sing Prison.

There appears on page 162 (second column) of the September, 1911, Journal, an article relating to the arrest of S. W. Rhodes, who attempted to defraud a Manitou, Colo., bank (M). Rhodes has been returned to the Michigan City Penitentiary to serve the remainder of a twelve-year sentence.

Page 101 (second column) of the August, 1911, Journal contains an account of the arrest of R. S. Hubley, who perpetrated a forgery on a Boston Mass., bank (M). Hubley has been released on probation.

The arrest of E. E. Wilson is recorded on page 97 (second column) of the August, 1911, Journal in connection with a fraud perpetrated on a Searcy, Ark., bank (M). Wilson was recently brought to trial and was then released because of the absence of a material witness whose testimony was necessary to ensure a conviction.



SAMUEL ARTHUR HAMILTON.

An exceptionally daring attempt to hold up a bank (M) at Belleville, N. J., was made about 8 o'clock on the morning of Sept. 25, 1911. At that hour Donald H. Cameron, a 20-year-old clerk, opened the bank doors as usual, and was followed into the bank by a man, who, closing the door behind him, shoved a revolver in front of young Cameron's face, and ordered him to throw up his hands. The clerk at once grappled with the burglar, and the two men rolled over the floor of the bank in a desperate struggle. The clerk was struck several times by the stranger, and finally, managing to get the revolver in his grasp, the clerk fired it three times, with the result that the noise attracted the attention of the janitor of the bank. He at once went to the rescue and summoned the police, who arrested the burglar. He was taken to the Belleville police station, where he gave his name as Samuel Arthur Hamilton, and his residence as Chicago. On his person were found two small bottles of chloroform, and a handkerchief with eye-holes cut out. His self-confessed plan was to overpower each of the bank's employes, as they entered, and then to rifle the safe at his leisure. Hamilton was taken from Belleville immediately to Newark, N. J., where a representative of our detective agents, the William J. Burns National Detective Agency, Inc., visited him in his cell. Hamilton claimed that this was his first offense, but his evident familiarity with police court proceedings and the Bertillon measurements leads us to believe that he is

a professional and dangerous crook. We secured a photograph of Hamilton, and the various offices of the Burns Agency are now endeavoring to identify him. He will plead guilty to a number of charges in connection with the above attack, but asserts that he will not plead guilty to the charge of attempt to kill, as he states he never at any time intended to fire the revolver.

There was published in the October, 1910, Journal on page 211 (second column), an article concerning the arrest of Walter E. Neal. Neal has been brought to trial and was given a suspended sentence.

The September, 1911, Journal, page 165 (first column) contains an account of the arrest of Frank Rogers, who participated in the burglary of a Ford, Kans., bank (M). Rogers has been given a sentence of six to fifteen years in the Lansing, Kans., State Penitentiary.

On page 163 (second column) of the September, 1911, Journal, there is published an article regarding the arrest of Hubert L. Bradley, who swindled a Platte City, Mo., bank (M). Upon being brought to trial Bradley was sentenced to serve two years in the Missouri State Penitentiary.



B. F. HOBGOOD.

B. F. Hobgood, who was pardoned in July last, after serving part of a sentence of four years in the Huntsville, Tex., penitentiary for forgery, has resumed operations. We are advised by a Rochester, N. Y., bank that three drafts for \$150 each drawn on the Yawman & Erbe Company (by which Hobgood was formerly employed) and two drafts on "the first national bank of Rochester" (there being no such bank), had been received in Rochester recently. All were forgeries easily traceable to Hobgood. He is about 30 years old, weighs about 175 lbs., dark complexion, black hair, brown eyes. He is thoroughly familiar with police work and is an expert in the Bertillon system.

Page 163 (first column) of the September, 1911, Journal, contains an article regarding the arrest of Ed. Weisendanger in connection with a forgery committed on a St. Johns, Ore., bank (M). The prosecution in this case was dropped and Weisendanger has been released.

On Sept. 25, 1911, a bank (M) at Easthampton, N. Y., reported to the Protective Department that it had cashed a check payable to the order of F. H. Tillinghast, and signed by a depositor in the bank. The bank had subsequently discovered that Mr. Tillinghast's endorsement had been forged. A repre-

representative of the William J. Burns National Detective Agency was immediately sent to Easthampton, where he made a careful investigation, resulting in the discovery that the forgery had been committed by one Anthony Beddell, a boy not yet thirteen years old. The lad, after a long cross examination, finally confessed that his stepbrother, Stacey Smith, had instructed him to write Mr. Tillinghast's name on the back of the check, and had promised the lad \$5 for his trouble. A representative of the Burns Agency, accompanied by a local constable, located Stacey Smith at Amagansett, L. I., where he was arrested, and on his return to Easthampton, he was identified

by the bank's paying teller. Smith was locked up in the Easthampton jail on Sept. 26, and the boy was placed in the custody of the deputy sheriff. The case against Smith is complete, and he will undoubtedly be held for the Grand Jury.

On page 99 (first column) of the August, 1911, Journal there is published an account of the arrest of Don C. Buhrman, who was apprehended for a forgery committed on a Perry, Okla., bank (M). Buhrman has been given a sentence of 40 days in jail and a \$50 fine.

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

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

September 1, 1910, to August 31, 1911.

New York, October 1, 1911.

Persons Arrested, Convicted, Sentenced, Awaiting Trial, Etc.

(Revised.)

	Awaiting Trial Sept. 1, 1910.	Arrested.	Total.	Convicted.	Released.	Escaped or Fugitives.	Suicide or Died.	Awaiting Trial Aug. 31, 1911.
Forgers, etc .....	50	178	228	110	41	6	2	69
Burglars .....	5	22	27	10	7	1	..	9
Hold-up Robbers ..	2	4	6	3	1	..	1	1
	57	204	261	123	49	7	3	79

September 1, 1911, to September 30, 1911.

	Awaiting Trial Sept. 1, 1911.	Arrested in September, 1911.	Total.	Convicted.	Released.	Escaped or Fugitives.	Suicide or Died.	Awaiting Trial Sept. 30, 1911.
Forgers, etc. ....	69	17	86	9	4	1	..	72
Burglars .....	4	..	9	1	..	..	..	3
Hold-up Robbers ..	1	1	2	..	..	..	..	2
Sneak Thieves ....	..	..	..	..	..	..	..	..
	79	18	97	10	4	1	..	82

**ALLEGED FORGERS, ETC.**

Sept. 2, R. A. McKnight, arrested at Florence, Ala., for forgery, perpetrated on Johnson City, Tenn., Bank (M). Returned to Johnson City for trial.

Sept. 6, Alma H. Kraft, located in Hartford, Conn., and extradited to New York for forgery committed on New York bank (M). Awaits trial in New York.

Sept. 12, E. E. West, apprehended in Harrisonville Mo. Perpetrated forgery on Harrisonville Bank (M). Awaits trial in Harrisonville.

Sept. 9, H. D. Chestnut, arrested in Joplin, Mo. Perpetrated forgery on Joplin Bank (M). Awaits trial in Joplin.

Aug. 23, Thomas McDonald, arrested in Montezano, Washington. Passed forged check on Hoquiam, Wash., Bank (M). Returned to Hoquiam for trial.

Sept. 7, H. H. Moody, arrested at Osawatimie, Kan. Committed forgery on Oklahoma City, Okla., Bank (M). Returned to Oklahoma City for trial.

Sept. 1, B. S. Payne, arrested in St. Johns, Ore.,

for forgery perpetrated on Sherwood, Ore., Bank (M). Returned to Sherwood for trial.

Aug. 28, B. C. Trigg, arrested in Little Rock, Ark., for attempting to swindle Greenville, Miss., Bank (M) with fake telegram. Awaits trial in Little Rock.

Sept. 8, Geo. Lie, arrested in Newcastle, Pa. Defrauded Buffalo, N. Y., Bank (M), by forgery. Returned to Buffalo for trial.

Sept. 18, Bert Clark, arrested in Rockwood, Tenn., swindled Bartlesville, Okla., Bank (M) by forgery. Returned to Bartlesville for trial.

Aug. 30, Mike Laba, arrested in Bowling Green, Ohio, defrauded N. Y. Bank (M) by forging check. Sept. 22 Laba was given a sentence of one to ten years in Elmira Reformatory.

Sept. 13, Stefen Pedlock, arrested in Windber, Pa., defrauded Scranton, Pa., Bank by forgery. Returned to Scranton for trial.

Aug. 25, J. L. Wortham, arrested in Seattle, Wash., defrauded Seattle Bank (M). Had previously es-

caped from Canon City, Colo., Penitentiary. Returned to Canon City to serve unexpired term.

Sept. 6, O. W. Deckard, arrested in Fredericks, Okla. Perpetrated swindle on Vernon, Tex., Bank, returned to Vernon for trial; will later be extradited to Kansas for defrauding Meade, Kans., Bank (M).

Sept. 20, Frank B. Scholl, arrested in Kansas City, Mo., for defrauding Denver, Colo., Bank (M), by forgery. Returned to Denver for trial.

Sept. 4, Roceo Muccini, arrested in Monesson, Pa., for forgery perpetrated on Monesson Bank (M), awaits trial in Monesson.

Sept. 1, A. E. Stone, arrested at Lake View, Kans., for attempted burglary. Identified as party perpetrating forgery on Washington, Kans., Bank (M). Awaits trial at Lawrence, Kans.

Sept. 5, Isaac L. Raines, surrendered himself to government authorities in N. Y. as deserter. Identified in connection with swindles perpetrated on Cheyenne, Wyo., and Asbury Park, N. J., Banks (M); awaits trial at Governor's Island, N. Y.

Sept. 12, Maurice Selditz, surrendered himself to Baltimore, Md., police, in connection with forgery perpetrated on Baltimore Bank (M). Awaits trial in Baltimore.

Sept. 26, Anthony Beddell and Stacey Smith, arrested at East Hampton and Lagansett, L. I., respectively, for forgery committed on East Hampton, N. Y., Bank (M); await trial in East Hampton.

Henry Clay, released from custody in Hoquiam, Wash.; prosecution dropped; arrest reported in June, 1911, Journal.

John A. Harmon escaped from jail following arrest for defrauding Hoquiam, Wash., Bank (M), is now a fugitive from justice; arrest reported in August, 1911, Journal.

Frank E. Peabody released on probation; arrested in connection with forgery perpetrated on Connellsville, Pa., Bank (M); reported in July, 1911, Journal.

Arthur C. Rothenberg, released; Grand Jury did not return true bill; arrested in connection with forgery perpetrated on Brooklyn, N. Y., Bank, reported in Aug., 1911, Journal.

Tony Rossi, given one year in Sing Sing Prison for forgery perpetrated on Mamaroneck, N. Y., Bank; arrest reported in Aug., 1911, Journal.

S. W. Rhodes, convicted for attempted forgery committed on a Manitou, Colo., Bank (M); returned to Michigan City Penitentiary to serve unexpired term; arrest reported in Sept., 1911, Journal.

R. S. Hubley, released on probation in connection with forgery perpetrated on Boston, Mass., Bank (M); arrest reported in Aug., 1911, Journal.

E. E. Wilson, released from custody in connection with bogus check passed on Searcy, Ark., Bank (M); absence of material witness prevented conviction; arrest reported in Aug., 1911, Journal.

Don C. Buhrman, sentenced to serve forty days in jail and to pay \$50 fine for forgery committed on Perry, Okla., Bank (M); arrest reported in Aug., 1911, Journal.

Walter E. Neal, given suspended sentence in connection with fraud perpetrated on Scottsburg, Ind., Bank (M); arrest reported in October, 1910, Journal.

Hubert L. Bradley, given two years in Missouri State Penitentiary for swindling Platte City, Mo., Bank; arrest reported in September, 1911, Journal.

Ed. Welsendanger, released from custody in St. Johns, Ore.; prosecution dropped; arrest reported in Sept., 1911, Journal.

**BURGLARS.**

Frank Rogers, given six to fifteen years in Lansing, Kans., State Penitentiary, for burglarizing Ford, Kans., Bank (M); arrest reported in Sept., 1911, Journal.

**HOLD-UP ROBBERS.**

Sept. 25, Samuel A. Hamilton, arrested in Belleville, N. J., following attempt to hold-up Belleville Bank (M); awaits trial in Newark, N. J.

**AWAITING TRIAL OCTOBER 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. Blasdell.....Perry, Okla.
- Matt. Conner .....Hinton, West Va.
- Bob Davis .....San Francisco, Cal.
- Fred Adams .....San Francisco, Cal.
- Chas. H. Everett.....Canon City, Colo.
- M. E. Starling.....Quitman, Ga.
- James Wilson .....Brooklyn, N. Y.
- J. N. Sanders .....Stevenson, Ala.
- J. M. McDonald.....Stevenson, Ala.
- Edw. Benton .....Cleveland, Ohio.
- Lee Hepler .....Hickory, Pa.
- Patrick Gallagher .....Jersey City, N. J.
- C. A. Anderson .....Quincy, Ill.

- Harry A. McKinley.....Soccoro, N. Mex.
- Steven Seidelmeier .....New York City.
- Albert M. Kutzkey.....St. Johns, Ore.
- John C. Byland.....Burlington, Ky.
- J. E. Posey .....Aiken, S. C.
- S. T. Stone.....Black Earth, Wis.
- Harry Ragsdale .....Manitou, Colo.
- Eug. C. Brokaw.....Chicago, Ill.
- Irving G. Crocker.....Chicago, Ill.
- Geo. Bitter .....Groton, S. D.
- John Box .....Los Angeles, Cal.
- Walter Hester .....Los Angeles, Cal.
- F. B. Hatfield.....Winkelman, Ariz.
- S. H. Gray .....Athens, Tenn.
- Ollie Hilliards .....West Newton, Pa.
- Chas. M. Meeker.....Dalhart, Tex.
- R. L. Peeples.....Birmingham, Ala.
- John C. Walsh.....Brooklyn, N. Y.

Wm. Nance .....Bixby, Okla.  
 Ernest Bernard.....New York City.  
 Wm. P. McVoy.....Brooklyn, N. Y.  
 Geo. Leopold .....Dennison, Ia.  
 James Whalen .....Portland, Ore.  
 Ed. I. Wheeler .....Portland, Ore.  
 Wm. J. Jones.....Claremore, Okla.  
 W. J. Williams.....Richland, Ga.  
 J. W. Sharick .....Scottsburg, Ind.  
 Chas. Dean .....New York City.  
 W. H. Mason.....Springfield, Mass.  
 Andria Stêlcheff .....Fort Wayne, Ind.  
 Spiro Alexsi .....Fort Wayne, Ind.  
 A. S. Cauble.....Cairo, Ill.  
 H. Lee Russell.....Los Angeles, Cal.  
 Warren Hank .....Wapakoneta, O.  
 A. R. Saffold.....Atlanta, Ga.  
 R. A. McKnight.....Johnson City, Tenn.  
 Alma H. Kraft.....New York City.  
 E. E. West .....Harrisonville, Mo.  
 H. D. Chestnut.....Joplin, Mo.  
 Thos. McDonald.....Hoquiam, Wash.  
 H. H. Moody.....Oklahoma City, Okla.  
 B. S. Payne.....Sherwood, Ore.  
 B. C. Trigg.....Little Rock, Ark.

Geo. Lie .....Buffalo, N. Y.  
 Bert Clark .....Bartlesville, Okla.  
 Stefen Pedlock .....Scranton, Pa.  
 O. W. Deckard.....Vernon, Tex.  
 Frank B. Scholl.....Denver, Colo.  
 Rocco Muccini .....Monesson, Pa.  
 A. E. Stone.....Lawrence, Kans.  
 Isaac L. Raines.....Governor's Island, N. Y.  
 Maurice Selditz .....Baltimore, Md.  
 Anthony Beddell .....Easthampton, N. Y.  
 Stacey Smith .....Easthampton, N. Y.  
 Max Kaplan .....Brooklyn, N. Y.

BURGLARS.

Chas. McKinzie.....Hutchinson, Kans.  
 Walter Berger .....Hutchinson, Kans.  
 Geo. Woods .....Hutchinson, Kans.  
 Mike Conners .....Layton, Utah.  
 Frank Morris.....Layton, Utah.  
 Jim O'Neill .....Sioux Falls, S. Dak.  
 Ed. Doyle .....Sioux Falls, S. Dak.  
 Geo. Reed .....Sioux Falls, S. Dak.

HOLD-UP ROBBERS.

Tom Hogan .....Harlem, Mont.  
 Samuel A. Hamilton.....Belleville, N. J.

## SAFEGUARDS AGAINST PANICS.

Address by Frank A. Vanderlip, President The National City Bank, New York, at Chautauqua, N. Y., August 5, 1911.

THE panic of 1907 afforded a convincing demonstration of the inherent weakness of the banking organization in the United States, and awakened for the first time a general interest in proposals for currency reform. The panic of 1893 had occasioned some agitation of the subject and the American Bankers Association, meeting at Baltimore in 1894, adopted recommendations looking to a more liberal system of bank issues. What was known as the Baltimore plan contemplated issues by all the national banks against their general assets instead of against government bonds or other specified security. In all the later discussion of the subject this class of issues has been known as "asset currency." The silver agitation which came about that time postponed the bank note question and little progress was made for ten years more.

In 1906 the American Bankers Association appointed a commission to deal with the subject and in 1907 it ratified the action of the commission, which favored issues by all the National banks upon general assets. At that time, however, it was apparent that strong opposition existed among bankers as well as in Congress to a system of unsecured issues by thousands of institutions.

At this stage of the agitation came the panic of 1907. To the average business man it was like a bolt of lightning from a clear sky. The country was prosperous, crops were good, industries were busy and trade was in a healthy and well-balanced condition. That credits were not generally over-extended was proven by the comparatively small number of failures, despite the tremendous shock and strain of the panic. The crisis came at the season of the year when the legitimate demands for money and credit were at the highest. Conditions abroad were unfavorable to the importation of gold and, with no facilities at their command for increasing the supply of currency, the banks of the central reserve cities were unavoidably below their legal reserves of cash and in no position to withstand additional and extraordinary demands.

Up to this time the situation, although strained, was not exceptional for that season of the year, and what followed in 1907 might as well have occurred in 1906 or 1905 or at any time when the banking resources of the country were fully employed. As it happened at this critical juncture in 1907, events transpired which created a "run" upon certain banking institutions in New York City, and the newspaper reports of this started a general movement by banks in the interior to withdraw funds from New York, partly to strengthen their own cash holdings and partly no doubt in anticipation of what actually followed, to-wit, the restriction of cash shipments by the New York banks.

With no means at their command for converting their assets into currency, and facing a demand of immeasurable proportions, the banks of New York City were obliged as a choice of evils to place restrictions upon cash payments; the banks of the other central reserve and reserve cities found it im-

mediately necessary to do the same, and the country banks generally felt compelled to follow their example. It is unnecessary to dwell here upon the enormous cost to the country of the industrial disorganization which followed.

Confronted by this emergency and facing the necessity of satisfying by some means the calls of the public for a circulating medium, the banks acting together through the clearing houses and other similar organizations, proceeded to improvise an emergency currency, acceptable for local use. The public with a most creditable appreciation of the situation, accepted these makeshifts as unavoidable; confidence in the banks was restored by their associated action, and gradually normal conditions were re-established.

The lessons of this experience were not lost. A demonstration had been afforded, not only of the weakness of our banking system while its individual members were isolated and struggling against each other, but of its invincible strength when the banks united their credit and adopted a common policy. It was quickly recognized that a remedy for banking crises had been found without going back to the dis-trusted system of unsecured individual bank issues. The banks should be organized into an effective system and the system equipped with the power and the instrumentalities to protect and support its individual members.

The first expression of this new policy in the form of a statute is found in the Aldrich-Vreeland act, a measure avowedly temporary in character, but containing the germ of a new system. Its leading feature is the provision under which the Comptroller of the Currency, with the approval of the Secretary of the Treasury, may issue currency upon the security of certain bonds, but it carries as a subordinate feature a provision by which the banks may form local currency associations and these associations may receive approved assets from their individual members and issue currency upon them. The Aldrich-Vreeland act is a cross-over track from the bond-secured currency system of the national banking act to a system of currency issues based upon commercial assets.

One of the features of the Aldrich-Vreeland act was a provision for a Monetary Commission of eighteen members of whom Senator Aldrich and Mr. Vreeland, joint authors of the Aldrich-Vreeland act, are influential members. Senator Aldrich as Chairman has submitted a tentative draft of a plan which, subject to some suggested modifications, has been formally approved by the Executive Council of the American Bankers Association.

The first thing to be said of this plan is that it follows, develops and legalizes the same general procedure to which the banks themselves resorted by common consent in 1907. The clearing-house checks of 1907, notwithstanding the haste and informality of issue, proved to be as safe a currency as National bank notes, with the advantage of being based upon the natural assets of a commercial bank, but they had no legal status or national character and could not be used in the settlement of balances between localities.

The Commission's plan, adopting the same principle of issue but seeking to unite all of the banks

into one system for the exercise of this function, would provide a national currency under certain definite safeguards which experience has shown should always surround issues of paper money.

It is proposed to form what shall be called the National Reserve Association of America, the capital of which shall be provided entirely by the banking institutions of this country. No other subscriptions will be received and the banks will be allowed to subscribe or acquire stock only in a fixed pro rata of their capital. The authorized capital of the Reserve Association is to be 20 per cent. of the capital of all the banks joining it, each bank subscribing that percentage of its own capital. In case a bank increases or diminishes its capital its shares in the Reserve Association will be increased or diminished accordingly. One-half of the subscribed capital will be called in at first, and the remainder will probably never be called for, but the subscriptions will stand as a liability of the banks and thus serve to fortify the credit and prestige of the institution in the eyes of the world. Assuming that the banks generally come into it, the National Reserve Association would be much the strongest organization in the world for the performance of banking functions.

It is proposed to allow the Reserve Association to pay dividends upon its outstanding shares up to five per cent. per annum; after which, and after the accumulation of a given surplus, all profits are to be turned into the Treasury of the United States. This disposition of the earnings is consistent with the theory upon which the Association is formed, viz.: That it is not an institution for profit, but an association of banks for mutual support and assistance in their service to their local communities, and to enable the banking system as a whole to discharge certain public functions which the individual banks cannot so effectively perform.

The organization of the Reserve Association is modeled after our federal form of government. It begins at the bottom with local bank associations, which must consist of not less than ten banks and not less than \$5,000,000 of combined capital and surplus; then the entire country is divided into fifteen districts and the local associations of each district are organized into a district association; and finally the National Reserve Association, with its head office in Washington, is founded upon the district associations. The control of the local associations is wholly within themselves; the members elect their own directors and the directors for each district are elected by the banks within that district, and, finally, all of the districts participate in the election of directors for the national association. The plan of choosing directors is ingeniously devised throughout to give the small banks more influence than they would have if their voting power was based upon their holdings of capital stock in the Association. In the local associations, for example, three-fifths of the directors are elected by allowing each bank in the association one vote regardless of its size, while the other two-fifths are elected by allowing each bank to cast as many votes as it has shares in the association. A similar plan is followed in electing directors of the district and national associations.

It is interesting in this connection to examine the statistics given in the last report of the Comptroller

of the Currency as to the number and capital of national banks:

	Number.	Capital.
All National Banks .....	7,173	\$1,002,735,123
Under \$100,000 capital.....	4,543	183,640,108
Of \$100,000 capital .....	1,847	124,700,000
Of \$500,000 and over \$100,- 000 capital .....	1,079	267,525,000
Total of \$500,000 and under .....	6,869	575,865,108
Over \$500,000 capital .....	304	426,870,015

It is apparent that the great number of small banks would give them a predominating influence in choosing a majority of the directors. A majority of all the capital of national banks is in banks of \$500,000 capital and less. If the State banks generally come into the system the strength of the small banks would be further increased. It is also to be noted in considering the relative influence of small and large banks that the latter are grouped in a few central cities and that in any possible arrangement of fifteen districts most of the latter would be controlled by the banks of moderate capital. It would seem to be clear that the small and medium-sized banks would have ample representation in the management of the Reserve Association.

Provision is made that the district and national boards shall each have a number of members chosen from outside of the banking business who shall fairly represent the industrial, commercial and agricultural interests.

The national board, which will be composed of forty-five members, is to contain six ex-officio members, to-wit: The Governor of the Reserve Association, who shall be Chairman of the board; two deputy governors, the Secretary of the Treasury, the Secretary of the Department of Commerce and Labor, and the Comptroller of the Currency. An executive committee of nine members is to have the powers of the full board and of these, four, namely, the governor, two deputies, and the Comptroller of the Currency, are appointed by the President of the United States and serve as representatives of the public. As submitted, therefore, the plan contemplates that a very large degree of control will be exercised by the Government, that complete publicity will be given to its affairs and that the institution will be essentially a public rather than private one in its character and responsibilities.

This is the general plan of the organization. Now what is the organization to do? The chief function entrusted to it is the holding of the reserves of the banks, the making of that fund mobile, and thus preventing the disastrous scramble for reserves by all the banks individually whenever there is financial stress. Next in importance is the function of issuing the notes of the Association for circulation as currency, based in part upon a gold reserve and in part upon short-time commercial paper. In other words, this organization is to be charged with the responsibility of giving elasticity to our currency supply. It will issue its notes by re-discounting commercial paper for the banks, and under some conditions by making direct loans to the banks upon collateral security. The note issuing power is exercised by the

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national association, but through the agency of the fifteen branches. It is desirable that these fifteen branches shall be directed by one responsible authority, rather than that they shall be in effect fifteen independent institutions. It is fundamental that any system of paper currency shall provide for the maintenance of proper relations between the volume of that currency and a gold reserve, and the experience of the world has shown that this is most certainly accomplished through one central authority and by its control over a uniform discount rate. The prestige and effectiveness of the gold reserve would be lost if it was divided among fifteen institutions; and the burden of meeting all demands would fall directly upon the one reserve at the port through which our financial intercourse with foreign countries is mainly carried on. It follows that we do not want fifteen new kinds of currencies or fifteen separate gold reserves, or fifteen sets of managers with conflicting policies and varying discount rates. There is the same necessity for a supreme authority in control of the national gold reserve as for one authority over all the Nation's forces of defense.

This centralization of authority as to one vital function does not, however, mean a centralization of control over banking facilities. The banks of all sections of the country will have the same freedom of action they have now and will go on making their own policies as they have in the past, and the field will be open to new competitors as heretofore. Furthermore, the banking business will be conducted with a greater sense of security and with more regular and stable policies than the individual banks have been able to maintain in the past. In brief, all of the present banking facilities of the country will remain, enlarged and strengthened, but when the powers of the Reserve Association are called upon they will be administered under one consistent policy, by rules which will make them equally available for all applicants. This is accomplished by regulations strictly defining the kinds of paper which the Reserve Association may receive, and providing that it shall re-discount all the paper of certain preferred classes that is offered and at a uniform rate.

The plan describes four distinct classes of paper which the National Association may receive. Two of these are distinctly preferred in that they may be received without the endorsement of the local association, but the conditions upon these classes are severe.

First, the association may re-discount notes and bills of exchange that arise out of commercial transactions; the first condition being that they shall arise out of commercial transactions. The term "commercial transactions" means the class of transactions which are incidental to the regular exchanges of the country; the movement of the crops to market, the current distribution of goods and commodities to supply the consumptive demands of the people. This paper must not represent speculative transactions; it must not represent investment transactions, however conservative. Aside from the question of security, there are two reasons why paper representing fixed investments is barred; first, there is no definite limit to the amount of such offerings and, second, there is no natural or definite maturity for such paper. Its

payment probably depends upon a speculative or investment demand instead of a consumptive demand. It is a primary condition of this plan, therefore, that no paper will be re-discounted save such as in the ordinary course of trade will be naturally liquidated at maturity.

If a merchant with an established trade and credit, and with ample capital for the ordinary requirements of his business, borrows at the season of the year when he lays in his heaviest stock and regularly pays out later as he reduces his stock; if a dealer in grain or produce borrows at the season when the crop moves from the producer's hands and pays out as it is distributed for consumption; if a manufacturer borrows at one season to acquire materials or to accumulate stock for the marketing season and pays out regularly at the latter time; these borrowings are of the class which are naturally liquidated within a definite period. They are the most desirable class of loans for a bank to have and the class of transactions from which they arise is the one which the community as a whole is most interested in having protected from interruptions. On the other hand, if money is borrowed to buy land or railway stocks or bonds or to build houses, no matter how good these investments may be, such borrowings are of another class and are expressly excluded from the privilege of re-discount by the Reserve Association, although they may under exceptional conditions be used as the basis of advances.

But the provision that the paper shall arise from commercial transactions is not the only restriction upon the first class of paper described. This paper must have not more than twenty-eight days to run. The effect of this provision is to make the applicants send in their short maturities first and keep the Reserve Association as liquid as possible. But even this is not all; this paper must have been made at least thirty days before it was offered to the Association for discount. The effect of this is to prevent the manufacture of paper for the occasion; it must be paper taken in the regular course of business. And, of course, all of this paper must be endorsed by the bank which is offering it.

The other class of paper which may be received by the National Association without passing through the local association consists of what are known as acceptances. The only acceptances we have now are drafts drawn by one business house on another and accepted by the latter for payment at a future date; and we do not have many of these because our system of cash discounts induces the best houses to pay cash, borrowing if need be from their bankers. Abroad it is the common practice for banks to accept drafts for their customers, making a small charge, commonly one-quarter of one per cent. for the service, after which the paper is sold on the market. Furthermore, the popularity of this kind of paper abroad has resulted in the development of an intermediate class of bankers, known as accepting houses, who make a specialty of lending their credit by this method. The name of an accepting house of known responsibility gives the paper wider currency and reduces the discount rate by enough to cover its charges.

It is generally agreed among experienced bankers that nothing would do so much to mobilize the credits

of this country as the introduction of this class of commercial paper. It will do more to assure an ample supply of credit for legitimate and current business at uniform discount rates for all sections, and more to provide the banks with genuine and high class commercial paper, than any other single provision of our banking laws. It will give a character and fluidity to local credit that it has never had in this country and bring bank credits more generally into conformity with certain accepted rules that are difficult of enforcement upon paper of purely local circulation.

All bankers deem it advisable to have in their portfolios considerable paper originating outside of their depositing patrons, because such paper will be paid without requests for renewal, and the credit situation the country over would be improved by having the percentage of this class of paper increased. The difference in rates of discount between paper of this class and that which does not have access to the general market would be a constant object lesson of the value of compliance with correct banking principles.

The fact that the National Reserve Association will stand ready to take these acceptances and give currency for them will give them a broad market and thus help the different sections of the country to help each other even more than they are helped by the Association direct. The fact deserves to be emphasized that this is not centralization; it is decentralization. The central organization by supporting all of the banks of the system will impart confidence throughout the system and enable the members to deal with each other. Its influence will be against the accumulation of country bank funds in the centers, so long as any part of the country is wanting credit to finance its current business.

Holdings of either class of paper which may be re-discounted by the Reserve Association direct, will be practically an addition to the cash reserves of a bank, and this will furnish a constant incentive to the banks and to their customers to bring their paper to this standard.

The plan recognizes two additional classes of paper, which may be received by the National Association when endorsed by a local association. First, it may receive paper arising from commercial transactions having more than 28 days, but not more than four months, to run. This paper must be passed by the officers of the local association to which the applying bank belongs and the local association must stand behind it if it defaults; the members dividing the responsibility on the basis of their capital and surplus.

The local association is authorized to require security, and the borrowing bank is required to pay a commission to the local association which shall be fixed from time to time by the board of directors.

Finally, there is one more class of paper which the National Association may discount, but only under unusual conditions. The three classes heretofore named must all arise from commercial transactions and it is clearly indicated that ordinarily nothing but paper directly related to commercial transactions will be received. But whenever in the opinion of the Governor of the National Reserve Association

the public interests so require, and such opinion is concurred in by the executive committee, and the Secretary of the Treasury definitely approves, the Association may discount the direct obligation of a bank, provided that obligation is endorsed by the local association and secured by collateral in its hands; but in no case shall the loan exceed two-thirds the value of the security so deposited. This class of paper is plainly intended only for emergency use and the terms of its use are such as to preclude offerings under ordinary conditions.

The objections commonly made to bank note systems are that they either permit inflation by having insufficient restrictions, are inelastic because of arbitrary restrictions, or suggest monopoly by fixing control in a single authority. The last objection is met in this proposal by the plan of organization; it is met again, and the other two objections with it, by the regulations covering the classes of paper which the Reserve Association may receive. There can be no undue inflation of credit so long as its use is confined strictly to commercial purposes, nor can there be favoritism if all demands for these purposes are met at a uniform discount rate.

The rate for re-discounts will be the same upon all paper of the same class at all offices of the Association and to all applicants, and all offerings which comply with the conditions will be accepted. If in view of present banking conditions in this country this promise seems impossible of fulfillment the answer is that it has been realized for years in practically every other important country of the world.

It has been abundantly demonstrated that the demands upon a central rediscounting institution can be controlled by its discount rate. The executive committee of the National Reserve Association will have the financial situation before it. Its members will know the condition of the world's markets; they will know whether the foreign exchanges are in our favor or against us, whether trade is in normal condition or not, whether speculation is prevalent or not, whether the banks are overloaned or not, and the committee can act as a governor upon this situation by means of the discount rate. Its members will occupy an independent position, wholly different from that of bankers who are competing for business. They will be acting for all the banks and for the entire community. They will not be looking for customers; they will not be looking for profits; they will be the guardians of the credit situation; they will take all the paper offered that complies with the conditions, regulating the rate to control the demand.

It is altogether improbable under the organization proposed that the provisions of law governing rediscounts would be deliberately or frequently violated. The intent of the restrictions is clear and with the publicity that will be given to all the operations of the association, the essential regulations could not be ignored without exposure. High officials of the government are named not only as members of the Board of Directors but of the Executive Committee, and it is inconceivable that they or the other Directors, all of whom will presumably be men of character, will permit false statements of the association to be made. Responsibilities quite as grave

as these, and far more difficult of administration, are already entrusted to public officials and others are daily proposed.

These functions, which it is proposed to have the reserve association perform, are not in themselves new or experimental. The form of the organization is new, and planned to avoid any radical change in existing banking conditions, and to assure all sections of the country of proper representation in the management. The principle of a central discounting organization upon which all other banking institutions may rely, with authority to issue currency, has been developed by a process of evolution and universally accepted. The ability to control the demand by means of the discount rate is fully demonstrated. But in adopting this the plan retains what has been the distinctive and essential feature of banking in this country, to-wit: the independent, local bank, owned and managed in the community where it is located. It remains the unit of our banking system and the plan is devoted to providing an organization of these units so that they may more effectually aid and support each other. It aims to accomplish this, moreover, by means which will preserve the individuality of the unit, and offer an incentive to good banking, instead of by placing all banks on a dead level with an obligation to support each other regardless of an individual bank's character, deserts, or qualifications to conduct a banking business. The weakness of the present system is that no matter how carefully a bank may be conducted or how good its assets may be, it may be obliged to suspend payments, because conditions wholly beyond its control create an unusual demand for cash. These conditions may be the result of bad banking by reckless competitors. Good banks may be obliged to come to the relief of such rivals because to allow them to fail might seriously disturb financial conditions. Usually such aid only postpones the evil day. Under the proposed plan it will be possible for every sound bank on the strength of its own assets to obtain at any time whatever cash is required to meet its obligations. When every good bank has the power to protect itself there will be no more panics or fear of panics and every tub will stand on its own bottom.

Vague objections may be raised to centralization of power, but there is no escape from the weakness and incapacity of the present system without creating power somewhere. The plan supplies it by what would seem to be the most unobjectionable method it is possible to devise, the use of an agency which the banks themselves will control, limited in its functions and subject to practically complete supervision by the Government.

With this organization or one performing substantially these functions there is little risk in saying that another suspension of cash payments will never be experienced in this country. This in itself is of great importance. It would be of inestimable value to all classes and all interests to have protection against a repetition of the experiences of 1907. But that is not all, or even the chief of benefits. Fourteen years intervened between the panic of 1893 and 1907, but in every year of that time the facilities which the Reserve Association will afford would have been helpful in many parts of the country, particularly in the crop-raising season. They will help

every community to use the credit which it is entitled to use and do it under such restrictions and supervision that the banking business of the whole country will be in better condition than it has ever been heretofore. They will enlarge the credit facilities of the local banks for all special and temporary needs, protect the money markets from extreme fluctuations, and make credit conditions more stable and uniform throughout the country.

An effort has been made in the preceding addresses to describe the functions of banking and the services which the banking business is expected to render in the modern industrial and commercial system. There can be no adequate comprehension of the pressing necessity for banking and currency reform unless these functions are understood. Our legislation upon this subject in the past has proceeded largely upon the theory that the principal function of banking is receiving and lending money, whereas the principal function of banking is dealing in credit and the use of money is only incidental thereto. Money in all the ordinary uses of trade is simply a means of transferring credits or selling balances. The great bulk of the business of the world is done without it, except as it serves in bank reserves as the touchstone of value and as a margin of liquid capital that is quickly transferable and available anywhere. The essential and fundamental truth upon which all business relations are based is the fact that the exchanges offset and balance themselves. The bookkeeping function, the service of arranging the offsets, disposes of much the greater part of all the payments that are to be made. This service is performed by the banks and the fact that so large a proportion of the payments can be settled in this manner and without the use of money, enables the banks to finance the trade of the world so largely upon credit.

Bank credit is based upon the credit of the business public. The banks examine and verify and classify the credit of their customers and with a margin for error are able by the law of averages to create upon this basis a higher and more liquid form of credit which is placed at the service of the business community. And as the credit of one bank is usually better than that of its individual customers so the credit of a group of banks, by the law of averages, is better than that of an individual member of the group, and the credit of a system which included all or the larger part of the banks of a country like the United States would be the highest form of credit in the world.

The vital difference between bank credit and individual credit is in the fact that bank credit is treated as cash. The banks so arrange the maturing obligations of their customers that they can agree to pay all their own obligations on demand, and they make good on the promise so uniformly that their promises are accepted as cash. Their credit therefore, is buying power. It is paying power. It does everything that money can do. It is more liquid and transferable than money itself. When it is understood that the chief function of banking is dealing in credit and that it is credit, not money, that the banks lend, the old fear that the banks will control the volume of money and conspire to manipulate it for their own advantage becomes absurd. This old fear

springs from the idea that banking consists of receiving and lending actual money over the counter, when in fact the banks lend fifty dollars of credit where they lend one of money. The power to issue currency does not add in the slightest degree to the ability of the banking system to manipulate loans. There is not now, and in the nature of things never can be, any physical obstacle to a conspiracy among the banks to manipulate loans, and whether they issue currency or not has nothing to do with the power to make or withhold loans. If there was no money in the country but gold coin and United States notes the banking business would go on and the money would find its way into the banks, and the banks would make or decline loans just as they do now. The power to issue currency has but one use in a banking system, namely to supply currency to customers when wanted; and there is no possible reason why it should ever refuse currency when they want it. It is simply one form of bank credit and the public frequently find it a convenient form.

The movement pending is designed to put bank credit in the United States on a firmer, more trustworthy basis, than it has ever been before. A banking system, as we have seen, is an agency for organizing all of a country's available resources as a basis of credit. It accomplishes the seeming miracle of enabling capital to be in two places at the same time. In other words, it enables capital in one form or place to stand as a pledge for values or activities elsewhere, and as this agency is perfected and strengthened the efficiency of all our wealth-producing powers are correspondingly increased.

In conclusion let it be repeated as an admonition not to be forgotten for an instant that the vital factor in bank credit is its availability for use as money anywhere at a moment's notice. The banking credit of the United States can never be of the first-class while it remains respectable for the banks to suspend payments. And not only must they pay in lawful currency but that currency must be redeemable in gold and the gold reserve must be in sight and ample for the purpose. The authority to issue the currency must be vested in some organization that will have the power to maintain such a reserve. When our banks have a never-falling currency system at their command and the currency system has a never-falling gold reserve behind it the United States will come into the financial leadership which by wealth of resources belongs to it.

#### THE PROPOSED NEW MONEY ORDER.

For some time the Committee on Express Companies and Money Orders of the American Bankers Association, has been considering the advisability of arranging for a new foreign and domestic money order which would be current in all parts of the world.

The Committee held a meeting at the Association offices on September 29th, 1911, and thoroughly discussed this subject. It was decided to send to every bank in the United States a circular letter, asking for a reply as to what support would be given by the banks to a general proposition of this kind.

This letter has been prepared and will be sent out from Minneapolis in the name of the Committee, over the signature of Joseph Chapman, Jr., Chairman. When replies have been received they will be compiled and the Committee will report to the Convention at New Orleans in November.

#### "THE TEXAS BANKERS RECORD."

THE Texas Bankers Association has added another important feature in the advancement of association work, by the publication of an official monthly organ, known as "The Texas Bankers Record." J. W. Hoopes, Secretary of the Association, is the General Manager, and Miss M. L. Riddle, Managing Editor.

The first issue was published last month and its fifty-six pages is replete with live, interesting topics, statistics, and general information of special interest and value not only to the bankers of Texas, but to the banking and financial world generally. The news columns will also be devoted freely to the furtherance of the development of Texas, and whatever is deemed of interest to the banking fraternity will be given free space in proportion to its news value.

The preparation of the initial number was done carefully, and Mr. Hoopes and Miss Riddle are in receipt of many letters from bankers expressing their appreciation of their work, and commenting on the fine appearance of the publication.

Mr. Hoopes, chairman of the Executive Committee, and who was largely instrumental in influencing the Association to make an appropriation for an official publication, pays tribute to the efforts of Miss Riddle for the success which the first number of the Record achieved.

Miss Riddle, for nearly a year, has been acting chief clerk of the State Banking and Insurance Department, and is accredited by bankers with a broad knowledge of Texas financial conditions. Her reputation as a banking authority lends to the editorial management of the Bankers Record an authoritative standing which insures its support by the bankers of Texas, and makes the publication a recognized official organ by Northern banking interests. Miss Riddle also is widely known throughout Texas as a successful newspaper writer. She was at one time on the editorial staff of The Houston Chronicle.

#### MISSOURI BANKERS ASSOCIATION.

THE following is a schedule of Group meetings to be held:

- Group No. 1, at Kirksville, November 7th.
- Group No. 2, at Carrollton, November 8th.
- Group No. 3, at St. Joseph, November 9th.
- Group No. 4, at Kearney, November 10th.
- Group No. 5, at Sedalia, October 18th.
- Group No. 6, at Moberly, October 17th.
- Group No. 7, Undetermined.
- Group No. 8, at Hermann, October 19th.
- Group No. 9, at Clinton, October 20th.
- Group No. 10, at Joplin, October 24th.
- Group No. 11, at West Plains, October 25th.
- Group No. 12, at Sikeston, October 27th.

#### THE WITHAM BANKS.

THE Witham Banks—over one hundred in Georgia—believes in the American Bankers Association and all it does for its members—especially as related to the protective feature. Approximately seventy-five per cent. of the Witham Banks have been members of the Association, and to complete the list the Association has just received the application of the remaining twenty-seven banks. This is a sure indication of the increasing strength and prosperity of the Association.

DOCUMENTS FOR DISTRIBUTION.

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

**Bills of Lading.**

- New Uniform Bills of Lading.
- Constitutionality of Proposed Act (H. R. 14934).
- Pennsylvania Speech—L. E. Pierson.
- Little Rock, Arkansas, Speech—Thomas B. Paton.
- Jamestown, Virginia, Speech—Thomas B. Paton.
- Oklahoma Speech—Evans Woollen.
- Report of Committee to 1908 Convention at Denver, with Appendices.
- Report of Committee to 1909 Convention at Chicago, with Appendices.
- Report of Committee to 1910 Convention at Los Angeles, with Appendices.
- Proceedings of Joint Conference between bankers, carriers, shippers, etc., held at Chicago, September, 1909.

**Currency.**

- Report of the Currency Commission of the American Bankers Association, 1907.
- Report of Currency Commission of American Bankers Association, made at a meeting held at Chicago, Saturday, January 18, 1908.
- Statement of Currency Commission of American Bankers Association presented to House Committee on Banking and Currency, at Washington, D. C., Wednesday, April 15, 1908.
- Credit Currency. By Elmer H. Youngman, Editor "Bankers Magazine."
- Address of Hon. Charles N. Fowler, Chairman Committee on Banking and Currency, on the Financial Situation, before the Illinois Manufacturers' Association, at Chicago, December 10, 1907.
- Report of Committee on Banking and Currency on the "Issue and Redemption of National Bank Guaranteed Credit Notes," Fifty-ninth Congress, Second Session, 1906-7.
- Suggested Plan for Monetary Legislation, submitted to the National Monetary Commission—By Hon. Nelson W. Aldrich, as revised by the Currency Commission of the American Bankers Association.

**Miscellaneous.**

- Guaranty of National Bank Deposits. By James B. Forgan, President First National Bank, Chicago, Ill., before the annual meeting of Group Two of the Bankers Association of the State of Illinois, held at Peoria, June 11, 1908.
- Clearing House Examinations by Clearing House Examiners—Discussion led by J. B. Forgan, of Chicago, at meeting of the Clearing House Section at Los Angeles, October 6, 1910.
- General form of Articles of Association to be used in the organization of Clearing House Associations in the smaller cities and towns.
- Report of Special Committee, Trust Company Section, September 13, 1904, on the Classification of Legal Decisions relating to Safe Deposit Companies. Rules and Forms.
- Address by Jordan J. Rollins before the Trust Company Section, September 14, 1905, on "The Protection of Trust Companies Acting as Transfer Agents and Registrars."

**PROTECTION.**

NOW comes the Mississippi Valley Power Boat Association, which proposes to inaugurate a system of insurance against thievery and for the protection of the property of members of affiliated clubs.

An article referring to this proposition reads as follows:

"Since the days of the 'log pirates,' when whole rafts worth thousands of dollars were deliberately burned or cut loose to satisfy a grudge against some zealous steamboat owner, the Mississippi River has been infested with pirates whose operations have not been quite so extensive or malicious, but which, nevertheless, have cost boat-owners many thousands of dollars. Coils, brass, batteries, fishing tackle, skiffs and sometimes the motorboats themselves have been stolen.

"The plan proposed by Commodore W. E. Hughey, Commodore J. W. Dixon and others, and which is to be acted upon by the Association officers, is to organize an insurance fund within the Association. Each boat owner belonging to an affiliated club will be privileged to purchase a small metal plate, to be tacked upon his boat, which will serve as a warning to river thieves, as the little metal tag of the 'American Bankers Association' admonishes safe-crackers to steer clear of protected banks."

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

- Kramer, S. W.—Director Cadillac State Bank, Cadillac, Mich.
- Latshaw, Wm. H.—Director Colonial Trust Company, Pittsburgh, Pa.
- Mellor, Edward.—President Germantown Trust Company, Philadelphia, Pa.
- Meyer, Daniel.—Vice-President German Savings & Loan Society, San Francisco, Cal.
- Schwab, Julius.—Vice-President German-American Trust Company, Paterson, N. J.
- Sodemann, Wm.—Vice-President Concordia Savings Bank, Concordia, Mo.
- Wadden, John.—President Lake County Bank, Madison, S. D.
- Whiley, F. C.—President Farmers & Citizens Bank, Lancaster, Ohio.



# AMERICAN INSTITUTE OF BANKING BULLETIN



## ROCHESTER CONVENTION.

The Best by Every Test in the History of the  
Institute

THURSDAY MORNING, SEPTEMBER, 7.

### Opening Session.

**T**HE Ninth Annual Convention of the American Institute of Banking at Rochester, September 7th, 8th and 9th, was the best by every test in the history of the organization. Education was properly paramount. Entertainment features appealed to the head and heart and not solely to the stomach and were thus in harmony with the cultivated people and natural beauty of the city of Rochester. Institute politics was strenuous as usual, but in no way discreditable. The threatened feud between the "Highbrows" and the "Hooligans" ended in the cooperation of all and the annihilation of none.

President Ralph H. MacMichael called the convention to order about eleven o'clock and the divine blessing was invoked by the Rev. Dr. Chas. H. Rust, of Rochester. The freedom of the city was extended to the visiting delegates in a few happy words by Mayor Hiram H. Edgerton. The Vice-President of the Institute, Lawrence C. Humes, responded to the Mayor's welcome in a way which united the frigid North and the sunny South in rare rhetorical nectar.

The greetings of the Rochester bankers were extended by Hon. Henry C. Brewster, President of the Traders National Bank, and F. H. Hamlin, President of the Genesee Valley Trust Company. Mr. Brewster explained his particularly happy mood by stating that exactly forty-eight years before he had entered the banking business as a messenger. Mr. Brewster said that it was no easy job to work up from the job of messenger to a position worth while in a bank, but that anybody could do it by giving his best energies, his best thoughts and his best endeavors to his work. As specific examples Mr. Brewster mentioned President Frissell of the Fifth Avenue Bank of New York, and some of the graduates of that institution, among whom are President James G. Cannon, of the Fourth National Bank of New York, and Wm. H. Porter, of J. P. Morgan & Co.

Mr. Hamlin said that he could not give better advice to young bankers than to try to be as near as possible like Mr. Brewster, who was not only a banker but a broad-minded statesman who had ably represented the Rochester district in Congress. In conclusion, Mr. Hamlin said: "I would say on behalf of the bankers of Rochester that we approve highly of your Institute. We have watched its career; we have seen its development through these ten years of your existence and we highly sympathize with the purposes which you have before you. We have no doubt that you will continue to expand as you have in the past. You are doing a good work; you are trying to lift banking from business to science. It may be it is an inexact science, but nevertheless, gentlemen, you cannot know too much of general subjects as to the system of banking or as to the details of banking. Now you come at an opportune time here, when great questions are before the people of the United States. Probably the greatest question now before our people is the question of the reform of the currency. Our banking system, which is perhaps depreciated, has been an immensely successful one. Under it in the last fifty years we have expanded greatly commercially, in a mercantile way, in a manufacturing way, in every way. But it has its defects, and I know of no banking system that has not its defects. But, gentlemen, there is no doubt that it has broken down in certain ways and the question before the people is how to reform them. I am not here to advocate any system, but I think it is the object of your association and of all bankers, and should be their purpose, to gather together and ascertain what is best on the whole for the American people, because a sound banking system is of as much importance for the American people as it is for the individual bankers of the country."

Response to the greetings of Rochester bankers was made by Brandt C. Downey, Chairman of the Institute Executive Council, who called attention to the national character of the organization and the united spirit of its members. Replying directly to the suggestion of Mr. Hamlin, Mr. Downey said: "Our motto, Mr. Hamlin, is to make these young men citizens in the broadest term. Our endeavor is to show these young men that they have a duty to perform to their communities; that these associations, based

on broad, high planes of right living and right thinking and clean character, shall be used in their communities for the uplifting of mankind. That is the broad field of Institute education. The questions of daily routine are familiar to us. We can go from one department to another, in banks of the biggest size, and probably take any one of them and handle them right; but the things that we learn, or are seeking to learn, are the broader citizenship. We in our chapters are developing men whom we expect to leave their stamp on their respective communities. It was my pleasure a few months ago to listen to an informal address by the present Speaker of the House of



RALPH H. MacMICHAEL.

Representatives. I shall never forget a remark that he made. It is worth repeating. "Young man," he said, speaking to a fraternity gathering, "Young man, go into politics, not office holding, for that is a poor business at best; go into politics in the full sense of the term politics, because every clean man owes it to his locality to take his part in solving the problems of the day." We are bankers, taking the details of banking work, but we are gradually extending our influence so that each and every man of us is known as a man and citizen. That is our motto."

The annual address of President MacMichael followed and was informal in character. He said that the work of the year was fully set forth in the reports of the Executive Council and various officers, all of whom he commended for faithfulness and efficiency. Following the example of his predecessors, Mr. MacMichael somewhat exaggerated the merits of the Educational Director, but the convention stood

for it with their usual politeness. Continuing, Mr. MacMichael said: "It has been a pleasant thing to be able to go out among the chapters, as I have had the opportunity to do this year, to meet you men in your home cities, and to see what kind of work you were doing; to see in what spirit and in what manner you were carrying out the purpose of the American Institute of Banking. I could give unqualified endorsement of the work that is being done except for the fact that in some places I saw room for improvement. In some chapters there was too much vaudeville; in some chapters there had been too much politics. I can say, however, that in the great majority of chapters splendid work was being done. Things that I have mentioned that I cannot endorse are unpleasant to mention, but I think here is the place to speak of them, and I call your attention to those things lest we come to think that there is no room for improvement. There is always room for improvement. And I want to urge you as you continue this work, to carry out with greater persistence the idea and purpose of the Institute. There is one thing that I can add, and without any qualification, and that is to tell you that in every chapter that I visited, without exception, I found keen, bright, young bank men, men of character and of integrity, men who were energetically and enthusiastically preparing themselves for the responsibilities which lie before them. That is true in every chapter of the Institute without exception, and as I went among those chapters and met those men I could not but feel that if the members of the Institute help and train others as they are being helped and trained by the Institute, the future of the banking business of our country is safe. I can further say that the members of the American Bankers Association who are responsible for our Institute are proud of the product of their thought. We have learned as we have gone along how to accomplish the things that we were striving to do. The pace has been greatly accelerated within the last two or three years. That fact is due largely to the study course which the Institute has worked up. The idea of sending out from the national office a course of study in suitable form was crystallized by my predecessor, Mr. Alling. Many of the chapters took up that course the first year, and many more of them took up that course the second year, and my observation is that it is the greatest single thing towards unifying, and systematizing and intensifying the educational work of the Institute. The future is in your hands, and I know it is safe. There is not a man in the Institute to-day who is not in it for education, not education in politics, nor politics in education, but education, first, last and all the time."

The following report of the Executive Council on Institute Education was submitted by Chairman Downey and received with marked demonstration of approval:

#### EXECUTIVE COUNCIL REPORT.

Whatever opinions may have prevailed in the past regarding Institute objects and methods, experience has demonstrated the wisdom and expediency of centering the educational work of the organization upon the standard course of study which has been crystallized through the process of evolution and constitutes the basis of the Institute certificate. Among chapter members and individual students there are now 320 Institute graduates, and the fact that the Institute certificate has become recognized as the chief object of Institute ambition, gives to the organization

a substantial character which nothing else could attain. Many members of the Fellowship class have become Institute graduates by writing suitable essays on financial subjects and undergoing regular examinations in "Commercial and Banking Law." In such connection no banker, however prominent, has been shown any favoritism, as the personal identity of candidates has not been disclosed to official law examiners. Among Institute Fellows who have thus set laudable examples to American bankers, old and young, your Executive Council cannot consistently discriminate, but there is particular satisfaction in the fact that the list includes E. D. Hulbert, who was President of the Institute during the transformation of government.



BRANDT C. DOWNEY.

During the past year a majority of chapters have used the Institute study course as the basis of their educational work, and the fact is significant that chapters conducted on such lines have been exceptionally successful. Under the direction of your Executive Council the Institute study course has been revised and printed in the form of serial pamphlets adapted alike to class and correspondence instruction. During the process of revision no special effort has been made to extend correspondence instruction, but such work promises henceforth to be one of the most effective features of Institute activity.

The standard course of study provided by the Institute covers the theory and practice of banking and such principles of law and economics as pertain to the banking business, and requires at least one hundred hours of class or correspondence work under approved instructors. The purpose is to furnish elementary education to thousands rather than advanced education to hundreds or less. Many believe that Institute work should be more comprehensive, and the suggestion has been made that the present study course should be extended so as to cover a period of four years instead of two years as now arranged. Your Executive Council realizes that the present study course should be regarded as the beginning and not the end of banking education, but doubts the

wisdom of attempting to compel average students to devote additional time and effort to Institute activities. To satisfy the ambition of such as want more advanced work, however, your Executive Council recommends the establishment of a system of post-graduate study to supplement existing Institute facilities. Until such post-graduate work is provided your Executive Council recommends that the machinery of the Institute be directed toward the extension of the study course as now arranged.

In chapter class work your Executive Council suggests the expediency of subdividing the Institute study course into two parts pertaining, respectively, to the subjects of "Banking and Finance" and "Commercial and Banking Law," so as to devote twenty-five evenings of two hours each to the specified subjects as follows:

**Banking and Finance.**

- Wealth and Its Production—one evening.
- Distribution and Consumption—one evening.
- Exchange and Money—one evening.
- Money and Credit—one evening.
- Credit and Banking—one evening.
- Bank Evolution—one evening.
- Bank Organization—one evening.
- Bank Administration—one evening.
- Bank Accounting—two evenings.
- Loans and Discounts—two evenings.
- Cash and Reserves—one evening.
- Collections and Transits—one evening.
- Stocks and Bonds—one evening.
- Bank Examinations—one evening.
- Clearing Houses—two evenings.
- Savings Banks—two evenings.
- Trust Companies—two evenings.
- Public Finance—two evenings.
- Final Examination—one evening.

**Commercial and Banking Law.**

- Contracts and Their Requisites—two evenings.
- Validity and Interpretation of Contracts—two evenings.
- Assignment and Termination of Contracts—two evenings.
- Agency and Trusteeship—two evenings.
- Sales and Bailments—two evenings.
- Partnerships and Corporations—two evenings.
- Negotiable Instruments—eight evenings.
- Bills of Lading and Warehouse Receipts—two evenings.
- Bankruptcy and Insolvency—two evenings.
- Final Examination—one evening.

In correspondence instruction the lesson pamphlets are furnished serially to students as a single complete course. The exercises in connection with each lesson are to be submitted to instructors whenever done. The work of students thus produced is corrected and returned with such criticisms and suggestions as may be helpful in each case. Students are privileged to ask incidental questions and special letters are written to overcome individual difficulties. Average students get little benefit from books alone. What most of them need is a teacher to direct them and to encourage them and to drive them. The usefulness of a teacher is not so much to impart specific information as to stimulate the ambition and interest of students and to systematize and verify their work. The correspondence method of study lacks the inspiration of social contact, but the personal relationship established between students and instructors stimulates ambition, and the fact that all lessons must be written insures thoroughness and thought. So far as actual acquirement of knowledge is concerned the advantages of the correspondence method of instruction fully offset its disadvantages. The phenomenal success of chapters in large cities and the increasing success of chapters in small cities have created the superficial impression that chapters are all there is to the Institute. Our pardonable pride in chapter success, however, should not lead us to overlook the fact that chapter facilities are geographically limited. Even should the present number and membership of chapters be doubled, the majority of American banks would still be outside the Institute circle. Only through correspondence instruc-

tion can Institute influence become general, and the extension of such work is therefore a duty which the Institute owes to American bankers in general and particularly to members of the American Bankers Association.

What the Institute has thus far accomplished is due to spontaneity from within rather than to pressure from without. Perhaps some things might have been done better, and perhaps many things might have been done quicker, but on the whole there is no occasion for cynicism or tears. The future of the Institute will depend largely upon its fruit in the form of graduates. It is natural that Institute graduates should become less active in Institute routine, but to them is open a higher and broader field of activity. Among their opportunities for usefulness to themselves and others are the conduct of study classes in chapters and banks, and systematic organization for the extension of sound banking principles and practices, not only among bankers but among the public; for upon sound banking principles and practices the prosperity not only of American banks but of America itself depends.

Supplementary to the foregoing report Mr. Downey said: "It has been my great pleasure in recent weeks to sound the pulse of your membership known as Fellows as to the advisability of their securing the Institute certificate. We have 161 fellows. In the last three months through merely suggestion from my office 40 or more of those fellows have undertaken to obtain the Institute certificate along the lines outlined in our course in a regular way. It is my hope that before another convention comes around every man who is a Fellow of the Institute will be a holder of the Institute certificate in due form. I can conceive of nothing more worthy of those active bank officers who are now the Fellows of the Institute. I say I can conceive of no more worthy object than the attainment of that certificate. In passing, I also undertook to obtain some statistics relative to promotions, purely for my own satisfaction, the promotions to official positions from the active membership of chapters since the organization of the Institute, and to my surprise, with three good sized chapters to hear from, from the active membership of chapters of the Institute in the ten years of existence, there have been 700 promotions to official positions. By their fruits ye shall know them.

"There came before the Executive Council last night at its meeting—the Executive Council believes in midnight sessions, and we started at 10 and quit at 2, and doing business all the time—a new constitution proposed by the President of the Institute. You all have seen a copy of this proposed new constitution. It has been printed in the Bulletin, and you have copies besides. The action of the Council is as follows: Resolved, That the proposed constitutional amendments be referred to the convention with the recommendation that the Executive Council be given until the next convention in which to further consider the matter. The two amendments, with the resolution of the Council, are before the convention for action in due course."

THE PRESIDENT—Gentlemen, the report of the Executive Council will be published in the Bulletin. As I have visited among the chapters during the past year I have been asked innumerable questions. A great many of those questions are answered in the report of the Executive Council. I would suggest that when you receive a copy of the Bulletin containing this report, you read it carefully and thoughtfully,

giving it more time and attention than you could do in the hurried reading by our Chairman.

The Secretary of the Institute, Charles H. Mars-ton, reported that the Institute now consists of 62 chapters, with a total membership of 10,350. During the past year new chapters have been organized at Bangor, Me.; Portland, Me.; Owensboro, Ky.; Toledo, O.; Knoxville, Tenn., and Fort Worth, Tex. The Fellow Class of the Institute numbers 161 at the present time, from whom have been collected dues of \$2 per year amounting to \$322. There has been collected from chapters for per capita taxes the sum of \$870.65, making the total receipts of the Secretary to the present time \$1,180.40. The collection of such money has become by custom one of the duties of the Secretary, but it seems to me that it would be more fitting for this business to be done through the office of Treasurer. I would make that recommendation.

The Treasurer of the Institute, R. J. Taylor, submitted the following report for the fiscal year beginning September 1, 1910, and ending August 31, 1911:

Receipts.	
Chapter dues, including Bulletin, less exchange .....	\$7,961.83
Associate membership dues (A. B. A.).....	7,700.00
Tuition fees .....	1,622.72
<b>Total receipts .....</b>	<b>\$17,284.55</b>
Balance on hand, September 1, 1910.....	1,903.87
	<b>\$19,188.42</b>
Disbursements.	
Salaries of general office employees .....	\$6,841.92
Bulletin and other printing .....	6,877.62
Educational director's traveling expenses.	1,371.77
Institute officers and committees .....	1,055.21
Rent of general office .....	583.24
Postage (\$345.10) and incidentals (\$396.21)	741.31
<b>Total disbursements .....</b>	<b>\$17,471.07</b>
Balance on hand, August 31, 1911 .....	1,717.35
	<b>\$19,188.42</b>

We have audited the books and accounts of the Educational Director of the American Institute of Banking for the year ended August 31, 1911, and have vouched for receipts and disbursements as far as possible. We have prepared the foregoing statement from the records and certify that it correctly summarizes the transactions as shown therein.

(Signed) MARWICK, MITCHELL & CO., Chartered Accountants.

The foregoing reports were received in due form, whereupon the morning session adjourned.

#### THURSDAY AFTERNOON, SEPTEMBER 7.

##### Reserve Association of America.

The Thursday afternoon session was devoted to consideration of the proposed Reserve Association of America. President MacMichael announced that the committee of judges appointed to decide the merits of essays submitted in the prize contest provided by the Institute consisted of F. I. Kent, Vice-President of the Bankers Trust Company of New York; A. H. Wiggin, President of the Chase National Bank of New York, and James T. Talbert, Vice-President of the National City Bank of New York. The awards were as follows:

First affirmative (\$50)—John M. DeWerts of Pittsburgh.

First negative (\$50)—Alexander Wall of Milwaukee.

Second affirmative (\$25)—Robert I. Simons of Chicago.

Second negative (\$25)—E. A. Havens of Providence.

The prize papers will be published in a subsequent number of the Bulletin.

The principal speaker of the occasion was Hon. Edward B. Vreeland, whom the President introduced as follows: "The convention is to be congratulated upon the speaker that we have with us this afternoon. The man who is to address us is a practical banker. He thoroughly understands the question on which he is to speak, and he has done more than any other man to give publicity to the proposed legislation affecting our currency system. He has done more to educate the public than any other man who has spoken on the question. We are indeed to be congratulated in having with us the Hon. Edward B. Vreeland, Vice-Chairman of the National Monetary Commission, who will tell us about the Reserve Association of America."

#### MR. VREELAND'S ADDRESS.

Mr. President and Ladies and Gentlemen: Up to this time I never have declined an invitation to address a chapter of the American Institute of Banking. (Applause.) I have been in what they call politics for quite a number of years and have been in the House of Representatives 14 years. We naturally pick up some of the rudiments of politics. It is a fundamental in politics that the man who can keep the young fellows in his district with him, those who are coming up, those who represent the enthusiasm, the day's work of youth, the man who can keep them with him is the strong man politically. I have been acting on that theory in endeavoring to excite attention and discussion in relation to this great subject upon which I am to speak to-day. I have believed that no other equal body of men were so important to enlist in this cause, to take it up, to advocate it, to understand it, as the young men who belong to your various chapters in all of the cities of the United States. I do not believe any money that the banks spend to-day is more valuable than the money that they spend for the support of the American Institute of Banking. Leave out the educational part of it, leave out everything except the absolute question of dollars and cents, the benefit to the banks (the bankers and their stockholders are not going to live forever, they have got to leave us, they have got to turn it over to their children and their heirs), and it is of vital importance to the banks of this country to know that the young men who are coming forward to take their places and conduct these ever-growing institutions are going to be men of ambition, men who are anxious to learn, men who are anxious to understand the principles and the theories of the business in which they are engaged. And so I have come here to-day, Mr. President, hoping that I may say something that will lodge in your minds, some thought in relation to this great reform that you will carry away with you far into the South, way out upon the Pacific Coast, into all the bustling, hustling American cities that belong to this Union.

It is my opinion that the enactment of laws which will give us a sound banking and currency system in the United States is the most important question before the American people, save one, that is the preservation of our peace with other nations. Why is it the most important? Because for the past half century about once every ten years this country has been visited with a devastating money panic. We are all familiar with them. We know that about every ten years these financial convulsions sweep over the country. The American people have come to consider them a sort of dispensation of Providence, as they do earthquakes and cyclones; something to look out for as best we can and prepare for, but which are unavoidable. We are all familiar with them. Something starts to frighten the people in some part of the country; credit is strained too much by lack of a

system which will restrain business from going too fast through rising rates of interest, and a panic starts in New York, Chicago or some great center and then the closing of banks, the falling away of confidence, the suspension of cash payments, the breaking down of domestic exchange, followed by the shutting down of factories, railroads in receivers' hands and business men unable to carry on their business; finally hundreds of thousands, and sometimes millions of men thrown out of employment.

This is a familiar story to all of us. There is not a man here, whether he is a banker or a business man, who does not shape every important act of his business life, every day trying to look ahead to what may be the conditions six months or a year from now, in the fear of these financial convulsions. Are you making a loan? Are you buying bonds with your surplus funds? If so, you are trying to look into the future, endeavoring to pierce the clouds and ascertain whether one of those money panics we have had so often in the past is likely to visit us in the near future.

And yet we cannot guard against them. No banker is so conservative and conducts his business upon such lines that he can be sure he is protected. You may keep great quantities of cash on hand or in your correspondents' vaults; that don't help us, as experience in the past has shown. Suppose you keep every dollar of reserve in your own vaults. What good will that do if lack of confidence affects the community in which you live? What does it matter whether you keep ten per cent. or twenty per cent. to pay off one hundred per cent. of deposits if your depositors are thoroughly alarmed? It means that it will take only a day or two longer to pay it out. You have no way to protect yourselves, because there is no place you can turn for cash and for credit.

Gentlemen, I stand here to say that these panics, these money panics, which we have had so many times in these United States, with all the destruction and suffering which come in their wake, are entirely unnecessary. I stand here to say that they are ruinous because they inflict severe and needless losses upon millions of our people; more losses in money than the wars in which this country has been engaged. I stand here to say that they are entirely due to a defective banking and currency system. What right have I to make so strong a statement as that? I say it, gentlemen, because when we turn to every other great nation on the face of the earth, our competitors for the trade and commerce of the world, with their longer experience, and, as I believe, with the sounder principles upon which their banking and currency systems rest, we find that they have not had a money panic for more than fifty years. Am I not justified, then, in saying that when we, the richest and greatest in our resources of all the nations of the earth—when we alone have these disastrous money panics, averaging one every ten years—am I not right in saying that it is due to a defective banking and currency system?

We have had money panics in 1873, 1884, 1893 and 1907. We have had semi-panics at the commencement of the crop-moving season in many other years, when credit was almost at the breaking point and ruinous interest rates prevailed. As a result of these panics millions of our people were out of employment. Hunger and want were brought to the women and children of the country. The panic of 1893 was attributed by the American people to economic reasons; by some to the change in our tariff; by others to the silver purchasing act. Whatever the reasons that started it, it was followed, as usual, by loss of confidence in our financial institutions, by the closing of banks, by the suspension of cash payments and the breaking down of credit from one end of the country to the other.

In 1907 we had another panic, two of them in fifteen years, cutting down the average time. No such excuse could be given for the panic of 1907. It came like a bolt out of the clear sky to most of the people of this country. The country was prosperous to an unprecedented degree; everywhere the railroads were unable to carry the freight offered them; factories were running more than full time; wage-earners were all employed at high wages. Our business destroyed?

Yes! Our credit destroyed? Yes! A few men got control of some of the great banking institutions in New York City and used them for their own private advantage. Soon suspension came, runs by depositors started and gradually panic extended from one end of the country to the other, involving enormous losses to the people from which we have not recovered to this day.

But, gentlemen, there never will come a time when adventurous business men will not get into positions of responsibility. So long as the rivers run these speculative business men will obtain important positions in the business world. Why should the whole country suffer therefrom? Why should it not be limited to the institutions which permit these men to get control of them? It may be said that credits were strained almost to the breaking point and it was the knowledge of this condition which permitted panic to start and spread so rapidly; that the business of the country had grown too fast for its capital. This may be true, but that is one of the prime defects in our system which we wish to correct. Why should we not have a banking and currency system which gives warning through rising rates of interest that we are going too fast? The American people are quite likely to go too fast. They are optimistic and energetic. Under any proper and scientific banking and currency system, however, the business people of the country would receive notice of too great business expansion through rising interest rates, instead of going ahead at full speed into a smash-up like an express train running off the track.

Then panic of 1907, in my judgment, convinced the American people for the first time that our banking and currency system is not strong enough to carry the vast and increasing commerce of the United States. In my judgment the American people to-day are in a frame of mind to take up and adopt such changes in our financial system as will make it suitable for the needs of the United States.

What ails our banking and currency system? In order to correct it we must first find out what is the matter with it. What makes it shut up every eight or ten years while we sit down and wait until confidence comes back to the people? In some respects Andrew Carnegie was right when he said that it was the worst system in the world. It is a system that compels panics. In other respects, in my judgment, it is the best system in the world to meet the needs of the people of the United States. We have nearly 25,000 banks of all kinds; 7,200 national banks and over 17,000 State institutions. We have what is called a free banking system in both State and nation. That is, we don't have to go to a legislative body and obtain a charter before starting a bank. We simply apply for a charter upon conditions which the law lays down and upon complying with the conditions we are enabled to start a bank. Our banks are local. Business men in any city or town can get together, associate their capital, and start a bank in that city or town, which will exist primarily for the benefit of that town. They elect as its officers men in whom the community has confidence. We have in this country more individual banking units than all the rest of the world put together. This has been one of the great reasons for the upbuilding of this country. We have in the United States about 25,000 banks of all kinds, scattered through the different communities and devoted primarily to the benefit of those communities. If they have surplus funds they can be sent to some financial center where those funds can be used wherever the business of the United States needs them. In some respects it is a splendid system. I believe it accounts in part for the great upbuilding of our country in years gone by. These banks are all managed in the communities where they exist, and generally satisfy the people.

There is, however, one great fault with them which must be corrected. They fall apart in time of financial trouble. There is no cohesion among these 25,000 banking units. We have no keystone to our financial arch. Our system is all right when the sun shines and the skies are clear, but when trouble looms up on the horizon they fall apart, and every bank commences looking after its own interests. The instinct of self-preservation makes every individual banker,

when he sees financial clouds in the sky, commence to protect himself, regardless of any one else, even of his customers. He is obliged to do it. His duty to his stockholders and to his depositors he feels compels him to do so. Therefore, I say the first great lack of our system is one of leadership and co-operation.

No one of us would like to go down to the sea for a journey across the Atlantic in a ship good only when the skies are clear and bright. No, when we go out upon the deep we want a sturdy craft that will brave and battle with the elements and carry us safely to the other shore. So this great United States must have a banking system, good not only when the sun shines brightly and the skies are clear, but that is able to stand the shocks that are bound to come to us—that will carry us safely through the hard times, failures of crops, and wars and rumors of wars.

I have said that we are the only great country in the world that has these money panics. Of course, you understand that we could not escape hard times which come as a result of a failure of crops, although that happens very rarely in this country of ours; or those which come from wars or rumors of wars, although we have less of that than our competitors across the seas. The great distinction I wish to make is this—that whereas in the great countries abroad these disasters merely mean a slackening of business and less work for wage-earners, in the United States they are followed by loss of confidence in our financial institutions; they are followed perhaps by runs upon banks from one end of the country to the other; they are followed by suspension of cash payment and suspension of credit. It is this aftermath that is to us more important for consideration than anything else; it is that from which it takes us so many years to recover. Therefore, I say, we must have leadership to which we can all turn with confidence—disinterested leadership, similar to that of the Bank of England or the Bank of France. The Bank of England indicates the condition of business in Great Britain through its interest rates which are published weekly. When they raise their interest rates it means that business is going too rapidly. Take in sail! Go slower! And that signal is a warning not only to the people of England but to the United States and to the whole world.

Let us consider our gold supply for a moment. We adopted the gold standard as the result of a great contest in 1896. We fixed it upon the statute books by the Financial Act of 1900, and yet our business has little relation to the supply of gold which we have. In order to attract and to keep gold it must have some place in the business of the country; it must be needed in carrying on the business of the country. If our bank note issue, instead of resting upon government bonds, rested upon gold and commercial paper, there would be such a need as would draw gold and keep it in this country. It is true we have the largest supply of gold of any country, but this is merely because we have had an enormous balance of trade in our favor for many years past and this balance has been paid largely in gold. During the ten years ending with 1908 the balance of trade in favor of our country amounted to over six billions of dollars. That means that a great yellow stream of gold came across the Atlantic in payment of these billions of dollars worth of the products of our farms and factories which we sent abroad. We needed no one to take care of our gold supply. It took care of itself. But these conditions may change. Is there a gentleman here who does not believe that before another ten years have passed we shall cease to be a nation exporting food stuffs? And much more than half our exports have been made up of the products of the soil—wheat, flour, meat, cereals, cotton—things we raise on the farm. Is there a gentleman here who does not know that within ten years we are likely to be buying meat, buying wheat, and using a much larger proportion of our cotton at home to care for the twelve or fifteen millions to be added to our population? Then our great balance of trade will be cut in two unless we can increase our export of manufactured articles to make up the difference.

It is evident, then, that in the years to come we

must follow the example of other great nations in looking carefully after our gold supply, upon which the business of the country rests, or should rest, under a proper system of banking and currency. Into some one's responsible hands must be put the conservation of our gold supply.

I do not need to talk long to bankers about the necessity of having our currency elastic to meet the needs of business. Every banker here knows how currency should increase or diminish to meet the rising and falling tides of business. What is our money made up of—and I use the word money in its broadest sense. First we have gold, about 1700 millions. But gold is not a money which we can import and export to supply elasticity to our system and to move our crops. It should be rather the basis of bank note circulation to supply our needs. Next we have silver—about 740 millions of dollars. That amount is fixed and unchangeable since we no longer buy silver. We have greenbacks and treasury notes amounting to 350 millions of dollars. That is absolutely fixed. Then upon what should we depend for elasticity in our system? This great, magnificent country of ours raises crops from its soil every year amounting to eight and a half billions of dollars. That means that in the last six months of the year we need a far greater supply of cash and credit both than we do in the other six months of the year. It is estimated that we need 250 millions of dollars in cash to move the cotton and wheat and to take care of our great crops. In addition to this we need hundreds upon hundreds of millions of extensions of credits. Where shall we get this extension of cash to start with—although with a scientific banking and currency system the amount of cash needed would be greatly decreased. Where do we get the cash? We should get it from the expansion of our bank note issues, resting upon gold as a basis. That is where every other great nation gets it from. But unfortunately the expansion of our bank note issue in this country bears no relation whatever to the needs of business. We all know that our bank note issues are increased or diminished solely as a matter of profit to the national banks. We know that their volume depends upon the price of government bonds and not upon the needs of business.

Every banker here knows that that is the basis of our bank note issues. The mere statement of this shows that it is unquestionably wrong. The volume of bank notes should increase when the crops are to be moved, when any sudden emergency is to be met, when the business of the country requires an increase, and those bank notes should be harnessed to gold and based upon it.

Let me give you some examples of the movements of our bank note issues in the years gone by. You know after the resumption of specie payments in 1879, beginning along about 1881, the United States started out on a magnificent career of expanding business. Nothing like it had been known in our history. From 1881 to 1893 business advanced by leaps and bounds, increasing more than one hundred per cent. in many lines. That was the time when our bank note issue should have expanded, securely anchored to gold, to meet the rising needs of business. What did happen? Did our bank notes increase? Far from it. You will find that in that time of magnificently increasing business the volume of our bank notes actually decreased nearly three hundred millions of dollars. What an eccentric system this is! In 1893 we had a money panic followed by a period of hard times. The banks were stuffed with money for which there was no need; they did not know what to do with it. During the period from 1893 to 1897, when business was prostrate and the country was full of idle money, under this eccentric system of ours our bank note volume actually increased nearly one hundred millions of dollars. In May, 1908, when the money panic had long been over and money was a drug in the market, we actually had nearly one hundred millions of dollars more of bank note circulation than we had in May, 1907, when credits were strained and the best business of the country desperately in need of additional funds. When we want more money, under our sys-

tem, the bank note circulation decreases. When we want less it increases.

What we must do is to divorce our currency from United States bonds or any other kind of bonds. Its volume must be determined by the needs of the country, resting upon and safe-guarded by thirty-five or forty per cent. of gold and the balance on commercial paper made by individuals and companies of undoubted credit and guaranteed by solvent banks.

The United States has no reserve system worthy of the name. As a method of safe-guarding our bank deposits it has been a colossal failure. Our reserve system has been the greatest defect in our system, permitting and even encouraging money panics. Instead of providing for our safety, the present system of reserves is a standing menace to the banks and to the business of the country. There is not a man here to-day who knows whether the reserve that he has now, or thinks he has, will be available three months from to-day or not.

What is our reserve system? We have nearly fifteen billions of deposits in the banks of the United States, deposited there by the people of this great country. For the purpose of always supplying these depositors with cash when called for, the national banks are required by law to keep reserves of from fifteen to twenty-five per cent. of which from six to twenty-five per cent. must be in cash in their vaults. The laws of various states differ and on the whole state institutions keep somewhat less reserves than the national banks. I suppose we have in cash all together in all of our banks something like nine per cent., or, let us say, a billion and a quarter of dollars that we carry as reserve against this enormous deposit liability. A billion and a quarter of dollars is an enormous sum of money. One and a quarter billions of dollars properly placed, where it could be used in unlimited quantities where actually needed, would meet any emergency possible to arise.

Turn again to the experience of the other great countries of the world. There is no one of them where the law requires that any reserve at all shall be kept. Go to England, Austria, France, Italy—any great country abroad—not one of them by law requires a bank to keep a dollar of reserve on hand. What do they do with their reserves—which, of course, any good banker would maintain whether the law requires it or not? Aside from mere till money, the actual cash needed from day to day, they keep their money in what they call their central bank. They make a reservoir of their reserves. They put them literally into one mass where they can be used here, there and everywhere, as needed. We are the only country in the world where the law requires the banks to keep this enormous cash reserve, and we are the only country in the world that breaks down every time the strain comes. What do practical, intelligent Americans want, any further than the mere statement of that fact, to convince them that our reserve system is a delusion and a snare? The effect of our reserve system is almost to compel panic. Warned by previous experience, every banker in the United States to-day has his eye on every point of the financial horizon, trying to scan the future and trying to protect himself. If he thinks he sees trouble ahead he tries to protect himself by getting his resources together.

Suppose to-morrow there should be danger of war, due, perhaps, to some racial disturbance on the Pacific Coast. Then it is likely that ten thousand bankers from here to the Pacific Coast would all at once, and in the same mail, draw on New York and Chicago for their funds there. Every one of them, regardless of the interests of the country as a whole, driven by the instinct of self-preservation—every one of them would try to get his hands on every dollar that he could get hold of and put it in his vaults; not because he would need it, but because he fears that he may need it, and when the time comes that he actually does need it he may not be able to get a dollar from any place on earth.

Under the system abroad, no matter what the trouble was, no banker would draw from the central reservoir for funds until he actually needed them, resting secure in the certainty that in case of need a

solvent bank with liquid assets could obtain all the funds needed.

Our reserves are scattered around in 25,000 piles throughout the country, differing in size, of course, but scattered wherever there is a bank from one end of the country to the other. Let me illustrate the weakness of our system. Suppose we should become engaged in war with Great Britain—of course that is an unthinkable supposition and I use it only for the purpose of argument. But suppose a war with Great Britain should commence; suppose that under the cover of its great fleet Great Britain should land two hundred thousand regulars in Canada for the invasion of the United States. The United States, with its ninety millions of people, would issue a call for a million volunteers to add to its little regular army of one hundred thousand men. But suppose that instead of concentrating our strength in the best positions for defense or attack, each one of our forty-six states should say, "We will put our quota on our state border and when the British army approaches our state line we will fight them and endeavor to beat them back." And so New York would put its quota of one hundred thousand men upon her northern border and South Carolina would put her quota upon her border and Texas and California and Colorado and Maine and Georgia would put their quota, each upon the frontier of the State, and so as would have our million of volunteers divided into forty-six different groups, scattered across a great continent. What sort of a defense would we put up? The British would overcome the troops of New York because they would greatly outnumber them, and the troops of no other state would come to their support. Then they would march on and destroy the next quota, and the next, and the next, and in the end our army of a million men, strong enough to take the invaders by the nape of the neck and throw them into the sea, would be overcome and destroyed through lack of co-operation and concentration of their strength. You may say that would be an idiotic proposition. It is—and yet I say to you, gentlemen, in all seriousness that that is exactly the system which prevails to-day as to the reserves of the banks of the United States. That has been its history in every panic which we have had. When panic breaks out in any part of the country, instead of massing our reserves and stopping the panic before it has a chance to spread, we not only do not go to its relief but actually try to draw away every dollar that we can from the banks of the city so attacked by lack of confidence and mistrust. Our reserve system compels panic whenever any clouds appear on the financial sky. It compels every banker to turn his hand against his neighbor and to fight for self-preservation even at the expense of his customers.

When the United States treasury has been full to overflowing, as in some years gone by, that has helped us out; and many a year we have been saved from panic by money from the United States treasury deposited with the banks at the commencement of the crop-moving season. To-day the treasury is not in condition to meet these demands and the treasury ought never to be in condition where it should be so overflowing that it can take money out and deposit it with favored banks throughout the United States. We ought never to depend upon the conditions which may happen to exist in the national treasury to supply us with money to avert panic.

To-day the banks of New York City act as a central bank for the country and five or six of the great banks of New York hold three-fourths of the reserves of banks deposited in that city. We cannot escape centralization in a banking system any more than we can under a military system. Under either the one or the other, as a matter of principle, it must exist. The reserves of banks may be deposited in New Orleans or San Francisco or St. Louis or Chicago, but ultimately the surplus reserves find their way to the banks of New York. That is true because New York City has the only real call money market in the United States. It is a real call market nine years out of ten, but on the tenth year they sometimes call in vain.

The banks of New York are not equipped by law to perform the duties of holding the reserves of the

banks of the United States. I say that with every assurance, because it does not depend upon my statement—it is a matter of history; because in the past when great financial strain and stress have been put upon them they have fallen down under the burden and have been obliged to suspend payments and take refuge behind the walls of the clearing house, and that means suspension practically throughout the Union. They are not fitted, therefore, to perform the duties of a central bank and it is a legislative impossibility to single them out and give them powers which would fit them to perform this great function. The banks of New York are great money-making machines. That is what they are organized for—to make as much money for their stockholders as possible. The president of a great New York bank is successful if he can pile up great deposits and if he can earn great dividends for his stockholders. Expenses in New York are large and competition is keen, and a New York banker cannot afford to keep more than 25 per cent. of his deposits on hand in cash, which the law requires. Indeed, it rarely happens that all of the New York banks have on hand the requisite twenty-five per cent. I will guarantee that year in and year out, you will rarely find that they will average 1 per cent. above the actual cash they are required by law to keep.

In 1909, upon the first of September, at the commencement of the crop-moving season, the three central reserve cities (New York, Chicago and St. Louis) had 25.4 per cent. reserves on hand. That is, they had four-tenths of one per cent. above the legal requirement at the commencement of the crop-moving season. I have no criticism to make against the banks of New York. They are great money-making institutions, admittedly well managed from that standpoint. They have doubtless performed their duty in caring for the ultimate reserves of the country as best they could under existing law. But, I insist, and experience has shown, that they are not equipped, and we cannot equip them by law, to perform the functions of holding the reserves of the United States. They cannot afford to carry great reserves of forty-five to fifty-five per cent. when business is good in order to release them when business is bad. They cannot afford to keep the liquid assets in hand which a central reserve bank, or one performing that function, must keep. We cannot equip them with the power of additional note issue based upon gold and commercial paper; it is a legislative impossibility.

Under our present system we are constantly exposed to having it break down, as it has so many times in the past. Therefore, we must have an institution to hold our reserves which is not a money-making institution. The idea of profit must be eliminated from its management. We must have one which can carry forty-five, fifty or fifty-five per cent. reserves. We must have one which we can endorse, for the benefit of all the banks and all the business of the country, with the function of issuing bank notes in any amount needed, provided they are based upon thirty-five or forty per cent. of gold and sixty per cent. of short-time commercial paper endorsed by solvent banks.

Let me give you an example. During the panic of 1907 our banks, at great expense, imported over one hundred million dollars in gold. That is a pretty small sum compared with fifteen billions of deposits, but it helped a great deal in working upon the imagination of the people and helping to restore confidence. That hundred millions of gold was not worth a penny more to pay off the debts of the banks than treasury notes or even bank notes. But suppose that hundred millions had gone to Germany. Immediately, with that hundred millions of gold as a basis at 33 1-3 per cent. and the remaining 66 2-3 per cent. made up of commercial paper endorsed by banks, the great German Reichsbank would have been able to create 300 millions of dollars in cash or credit for the relief of the business in that country. Even on a basis of 40 per cent. the National Reserve Association, which we are proposing to create, would have been able to turn that hundred millions of dollars in gold into 250 millions of dollars to pay the debts of the banks of the country. That is the reason the

banks of New York City are not equipped with the proper function to enable them to perform the duties of carrying the ultimate reserve of our banks.

Should we succeed in creating a National Reserve Association it would not mean that bank reserves would not largely follow the present channels. It would mean that New York, Chicago and St. Louis would deposit a large proportion of their reserves with the Reserve Association. Other large reserve cities would follow this plan to a lesser extent.

We have in this country the greatest supply of gold of any country in the world and some one has well said that it is the most useless. In the treasury at Washington alone are nearly a billion dollars in shining gold. In the course of two or three years this gold would naturally accumulate with the Reserve Association. With its capital and its deposits, I have no doubt at the end of three years it would have upwards of 800 millions of dollars in gold in its vaults. Even upon a 40 per cent. gold basis and the balance commercial paper this would mean a possible cash expansion of two billions of dollars. This would meet any possible emergency or any possible call which could be made by or upon the banks of the United States, because when the banks of the country knew that upon proper security they could obtain all the money they needed they would no longer call for it except in case of actual need. It would have, and be entitled to have, the confidence of the banks and of the people of the country and upon confidence—intelligent confidence—every monetary system must rest in its last analysis. Then the banks of New York, Chicago or San Francisco could safely carry reserves the same as they carry them to-day.

It is easy to point out the defects of our system. Most intelligent men agree as to the defects. I have only referred to the most important of them. Others, such as the lack of any discount market, the inability of our banks to use their credit for acceptances, our antiquated method of handling the cash belonging to the treasury of the United States—these and others I must leave out and hasten forward.

There is no field of human endeavor where experience is of so much value as in the financial field. Here an ounce of experience is worth many pounds of theory. Why should we not turn to the experience of the world? The great countries across the sea have had hundreds of years of experience in trying out financial theories. Suppose the steel mills in Europe were able to make steel of a much higher and better quality than the mills of our country. If that were true every "greyhound" that crosses the ocean would be crowded with experts going over to learn the secrets of their manufacture. Why should we not profit by their financial experience? When we find that the great countries of Europe have not had a money panic in from 50 to 100 years, why should we not endeavor to learn the principles upon which their systems rest and profit by them?

Is it not a remarkable fact that all of the other great countries of the earth, as a result of their long experience, have adopted practically the same system of banking and currency? I mean by that that the principles upon which they rest are the same, although their method of applying those principles may widely differ. I do not mean by that, gentlemen, that we can transfer their great central banks to our shore. Not one of the great central banks of Europe would be suitable for our needs. We have a continent where they have countries no larger than some of our states. Those countries are in a fairly uniform state of development while we are undeveloped over a considerable portion of a continent. What I mean is that we should seek out the principles on which their systems rest and then adopt those principles to the different conditions which prevail in the United States.

Sometimes we hear people talk as if there were a great variety of banking and currency systems in the world and that we must pick out the best. Why, gentlemen, in all the history of this world of ours, ever since civilization commenced, there have been but two systems of currency found that have stood the test of experience and are in existence to-day. Of course, I mean outside of the United States, where

we originated a system in 1862, which has proved unsuccessful and we are now trying to get rid of it. I say there are only two systems which have survived in all of the experience of civilization. One is the system which prevails in Canada and Scotland and the other is the system which prevails in every other great civilized nation on earth except the United States.

Under the system prevailing in Scotland and Canada they have a comparatively small number of large banks (Canada has 29, Scotland 8) which are given the right to issue bank note circulation and the right to establish an unlimited number of branches throughout the country. Each one of these large banks endeavors to put out all of its notes possible on account of the profit there is in it for them. In order to keep out as many as possible of its own notes, it sends in the notes of all other banks for redemption the same as we in our banks return checks to the banks upon which they are drawn. This competition between the banks, trying to put out their own notes and to retire the notes of the other banks, prevents their volume of bank notes from becoming either redundant or deficient. The banks collectively can keep out whatever volume of bank notes the business of the country requires. The Scottish-Canadian system rests upon the element of profit to the bankers. That is the motive power which makes it so.

In every other civilized country they use the central system. That is, a system where their bank note issue is centralized in one institution where it is under government regulation and where the element of profit is taken out of it. Under the central system the notes are loaned automatically, based upon the needs of the country. The need is shown by the offering of commercial paper, from every part of the country that needs it, to the central organization.

We cannot adopt the Scottish-Canadian system. Why? Because the Scottish-Canadian system is based upon branch banking. It is based upon the competition of a few great banks and their branches extending into every city and town in the country. The success of the system depends on branch banking and the profits of the bank note issue to the banks. We cannot adopt it because it is impossible for us to adopt the branch bank system in this country. Our present system of individual banks, owned in each community, is too firmly established in the regard of our people to admit of a change to branch banking. An attempt to establish that system with us would simply mean a great inflation of the currency and little more elasticity than we have at the present time, provided the notes issued were considered as good as our present bond secured notes by the bankers and by the people. What interest would 18,000 State banks have in picking out and sorting and doing up into bundles and shipping away by express for redemption bank notes issued under the Canadian system, provided they had entire confidence that the notes were good? We cannot adopt the Canadian-Scotch system unless we adopt branch banking with it. It is impossible to consider the adoption of that plan and even if we could it would be impossible to use it when two-thirds of our banking institutions are acting under state laws.

Then as a result of the examination of the experience of all history we find ourselves reduced by a process of elimination to the other method of having notes issued by one central authority under regulation of law. Commencing with England in 1844, every other great country in the world has taken away from individual banks the right of note issue and given it to a central institution. Switzerland in 1907 was the last of the great countries abroad to adopt this plan. The Japanese early in the eighties, out of their regard and admiration for the United States, adopted our national bank plan. But the Japanese with their practical and acute minds, soon discarded our system, and upon the recommendation of a royal commission, adopted substantially the plan of all the great countries of Europe.

Our Monetary Commission, in traveling over Europe, asked all of the individual bankers of those countries if they would like to return to the system of in-

dividual note issue. Everywhere, without exception, they declared that they would not think of returning to the former system.

As I have said, in 1844 the Parliament of England took away from individual banks, or put in process of taking away from individual banks, the right to issue bank notes and concentrated the bank note issue in the Bank of England under regulation of law. France took the same action in 1848, Belgium in 1850, The Netherlands in 1860, Spain in 1874, Germany in 1875, Austria in 1873, the Balkan States in 1877, Russia in 1879, Japan in 1882, Portugal in 1891, Norway and Sweden in 1897 and Switzerland in 1907; and, gentlemen, in considering these historical facts we should remember this—the most of these countries have banking systems consisting of a few great and well-managed banks—great joint-stock banks like those of England and Germany and France and Austria, that are able to employ the best talent that can be had, pay great salaries to obtain men of the greatest ability in financial affairs; and that under these circumstances the issue of asset currency by individual banks would be infinitely safer than in the United States, where we have 24,000 banks scattered over a continent.

As a result, then, of the experience of the whole world, extending over so many years and on so wide a scale, carrying so great a volume of business that we may fairly call them financial principles, every great independent country on earth except ours has mobilized its reserves and centralized its note issue.

At the commencement of the panic of 1907 in New York City the Secretary of the Treasury fortunately had about twenty millions of dollars which he could throw into the City of New York. Had it not been for this cash, immediately available, aided by the heroic work of some of the great bankers of New York City, this country would have had such a financial smash-up as never happened before in history. I have said to you that all of the banks of this country have in cash reserves more than one and a quarter billion of dollars. Suppose when the Knickerbocker Trust Company closed its doors, or when the surging mass of excited depositors was clamoring for their money, out of this great reserve which our banks carry we had been able to take one hundred millions, two hundred millions, or even three hundred millions of cash and thrown it into that panic-stricken city. It would have put out that panic like throwing a bucket of water on a match; it never would have passed outside the city limits. I am not sure but even the knowledge that such a great cash reserve existed which could be used would have been sufficient without actually using a dollar of it.

What we want is a system where our reserves, at least in part, shall be mobilized; where the gold of this country shall largely be mobilized. We want such a system that any solvent bank, State or national, which has sufficient and proper assets, cannot only get the money which belongs to it but can get enough to pay off every depositor it has if the need for it exists. When we have such a system as this no bank will call for money unless it actually needs it; and if it does need it, it can get any amount to which it is fairly entitled.

Any banking and currency system worthy of the name rests upon confidence. I do not mean blind confidence, but I mean intelligent confidence which is familiar with every detail of the system and knows that it will stand up in time of need. The trouble with our system in this country is that the bankers themselves have no confidence in it, the bankers themselves are the great hoarders, the bankers themselves constitute the greatest menace to our system. They are not to be blamed for this—it is the fault of the system; it is because no system of co-operation exists in this country upon which our bankers can mass together their mighty resources for common defense. Warned by past experience our bankers are constantly trying to look into the future and when they think they see financial trouble coming they commence collecting every dollar they can get hold of, they commence calling in loans, especially outside loans; they endeavor to get every dollar that belongs to them into the vaults of their bank—not because they need it but because they are afraid they may need it,

and they know that when once panic is started they have no place where they can turn for credit or cash. The result of this may be to bring about the very condition which they fear.

We have all heard of the old lady who goes to the bank window in time of panic and says to the teller if they have her money all safe she don't want it, but if they have not got it she wants it right off. That illustrates the theory upon which the whole banking fabric of every country in the world rests. The bankers of the United States are just like the old lady—if they know that they can get money in New York or Chicago or Baltimore or Richmond, then they don't want it—they go on about their business and keep the wheels of business turning; if they have the slightest fear that they cannot get it, then they all commence to try and get it home.

I am going to venture to say that I do not believe that any intelligent man can take up the subject of banking and currency, study it thoroughly, examine the experience of our own and of the other great countries of the earth, and arrive at any other conclusion than that we must mobilize our reserves and centralize our note issue in some form. As I have said before, we do not want to set up a central bank, as that term is understood by the people of the United States, nor such an institution as existed in Jackson's time, nor such an institution as exists in the great countries beyond the sea.

What we want is an American institution. We want to utilize the experience of the past in creating an institution adapted to the needs of the United States. We want to adapt them to the conditions existing in the United States. During the past two years, in addressing conventions of bankers and other business men, I have presented a plan in considerable detail for creating such an institution. A few months ago Senator Aldrich, Chairman of the National Monetary Commission, presented a plan embodying the principles upon which such an institution should be built. Other speakers and writers have followed along substantially the same lines. So far as I have observed all these different plans rest upon the same principles and endeavor to reach the same results. All of them provide for centralizing the reserves of banks and centralizing our note issue. All of them provide for the decentralization of the management of the organization so that it will be as broad as the country and represent every part of it. All of them provide against the possibility of having the control of such an institution fall into the hands of any special financial interest or having it become the football of political parties.

I have presented this plan to twelve state conventions of bankers during the past two years and it has received almost unanimous approval from those bodies. I have presented it to many chambers of commerce and boards of trade with the same result. The plan presented by Senator Aldrich, while following the same general lines, goes more into detail than any other plan which has been presented. This plan was presented in May last at a convention of thirty great bankers, representing every portion of the United States, at Atlantic City, was carefully discussed for three days, and while quite a number of changes in the details of the plan were suggested it was unanimously approved as to its fundamental principles. The legislative committee of the American Bankers Association met with the Monetary Commission in Washington in June last and several days were spent in going over the plan, with the same result. Changes in detail were suggested, but the fundamental principles were unanimously agreed to by the committee representing 12,000 banks.

Doubtless as a result of the constant study which is going on all over the United States by financiers and economists many valuable suggestions will be made as to the details for building up such an institution, but I am confident that the general principles of the plan are those which we must build. Our desire has been to make as little change as possible in our existing banking and currency system. We are proposing, not revolution, but evolution. We are proposing a plan under which the 25,000 individual units in our system can co-operate for the general welfare.

Co-operation is the keynote of the change which we are proposing. I will give you, in brief, the outlines of the proposed plan.

It is proposed to establish an institution called the National Reserve Association in Washington. There are some who maintain that such an institution should be set up in New York as the commercial metropolis of the country. Others have maintained that it should be established in Chicago, nearer the business center of the country. But as a compromise between these conflicting views, all seem to acquiesce in making Washington the central point. Its location is of less importance because the whole country will be represented in the fifteen branches into which the country will be divided under this plan.

The authorized capital of this institution shall be three hundred million dollars in gold. This capital is large enough to provide for the future growth of the country. It is proposed that the stockholders of the institution shall be banks only; that it shall be a bank of banks; that it shall be the keystone of our banking arch. A great deal of discussion has arisen at this point as to what banks should be allowed to take stock. The tentative plan of Senator Aldrich confines it to national banks, but it has been practically settled as a result of much discussion that all banks of the country which have at least \$25,000 in capital and which fulfill the requirements of the Reserve Association as to reserve, reports of condition, examinations and other details of a standard bank, may become stockholders, whether state or national; in other words, that a standard shall be created for banks and that all banks reaching that standard may share in the benefits of this association, and Senator Aldrich, as Chairman of the Commission, has accepted it. I have not time to discuss it in detail, but it seems to me that no scheme of banking and currency reform could be successful which leaves out two-thirds of the banks of the country. Nor do I think it is possible or desirable to try to force all the state institutions to take out national charters in order to share in the benefits of this institution.

If the National Reserve Association is created by law it is probable that the cash reserves carried by national banks could be safely reduced to some extent. It is probable that under this plan the reserves carried by many state institutions would need to be somewhat increased and that a fair and safe standard of cash reserves would be set up somewhere between the two. If both state and national banks are admitted as stockholders it is probable that each subscribing bank would take about ten per cent. of its capital in stock of the Reserve Association; that is, a bank having a capital of \$100,000 would take \$10,000 in stock. It is proposed to make the stock non-transferable. If any bank should go out of business its stock would be purchased by the Reserve Association at its book value. The voting power of each bank is limited to the amount of its stock. No bank can vote by proxy but must be represented by one of its principal officers.

The dividends the Reserve Association may pay are limited to five per cent. and the balance of its earnings shall be paid into the Treasury of the United States for some public purpose. This is a vital part of this plan. We do not want to create a money-making institution. We must make the dividends which it may pay to its stockholders so small that they will be earned automatically without effort on the part of its management. We do not wish the control of the institution to be influenced in the slightest degree by desire or power to increase the dividends of its stockholders. We want the management of this great organization to be guided entirely by the welfare and the needs of the business of the United States.

The Reserve Association shall pay no interest upon deposits. The Reserve Association may do business only with banks which are its stockholders, with the government of the United States, and it may purchase foreign exchange.

The Reserve Association may buy short-time commercial paper made by solvent individuals or companies and endorsed by banks which are its stockholders. It is permitted to purchase no stocks or bonds except those based upon the taxing power; nor

may it loan money upon the stocks or bonds of railroads or other corporations.

You will observe, gentlemen, that these provisions and restrictions which I have named are along the line of preventing any special financial interest from obtaining control of this institution. You will observe also that for the first time in the history of our country the business interests, as distinguished from the stock exchange, are given the preference in obtaining funds from the surplus deposits of the country.

These provisions are important and necessary, but we must have more safeguards than those already mentioned. The interest of the people generally will center in its plan of management. It is here that the test will come as to whether this great organization which we are creating shall be and remain an institution for the benefit of the whole business of the country.

Let us look as briefly as possible at the method of building up this organization. Its governor and two deputy governors shall be appointed by the President of the United States from a list submitted by its Board of Directors. As the board represents all parts of the country there can be no doubt that it will submit a list of names, any one of which would be highly fitted for the position. As the President must select a name from the list submitted there would be no possibility of the selection of a man for personal or political reasons. The governor and the two deputy governors are, of course, directors of the association. Three directors are provided ex-officio, namely, the Secretary of the Treasury, the Secretary of Commerce and Labor and the Comptroller of the Currency. As the United States would be the largest single depositor in the institution, and as the institution is governed by laws and regulations of the United States, it seems proper that the United States should be represented on its directorate.

We have now secured six of its forty-five directors. We will see how the others are obtained. It is proposed to divide the country into fifteen districts, each district being formed around some natural geographical and commercial center. In each district there shall be a branch of the National Reserve Association. Each one of its branches or districts has a board of directors of its own. As the officers and directors of the National Reserve Association are selected directly or indirectly, all except the three ex-officio members, by these fifteen branch or district boards of directors, let us see how these district boards are secured.

Each one of the fifteen branches or districts is subdivided into local associations composed of banks in that territory which are stockholders in the National Reserve Association. Each local association must have a membership of at least ten banks with an aggregate capital and surplus of at least five millions of dollars. It is probable that each local association will have a much larger number of banks than the minimum required. These local associations are the foundation upon which we build. Each local association has its officers and its board of directors. It is entrusted with important rights and duties under the plan of organization. The directors of the local association are selected as follows: The number of the directors in each local board is fixed by the by-laws; three-fifths of each local board are elected by the individual banks belonging to the local association, voting as units, two-fifths by the same banks voting according to the number of shares of the National Reserve Association owned by each bank.

Let us now commence with the local association and build up the National Reserve Association, using a concrete example. Let us suppose that the State of New York would constitute one of the fifteen districts of the United States in which a branch of the National Reserve Association would be located. Let us suppose that the State of New York is divided into ten local associations. Let us suppose that each local association has ten directors in its local board. As I have described before, the individual banks belonging to each local association would elect three-fifths of this board, voting as units, large banks and small having one vote each. Six of its ten directors would be elected in this manner. These same banks, voting

according to size, would elect two-fifths, or four directors. The local association board of directors, consisting of ten members is now organized. Each one of the ten local associations into which the state is divided would elect its board in the same manner.

We are now ready to elect the board of directors for the district or branch comprising the whole state. The board of directors of each of the ten local associations elects one director of the district board, thus providing for ten directors of the district board. Then the banks in each one of the ten local associations, voting according to shares of the National Reserve Association held by each bank, shall elect a voting representative or proxy holder. These ten voting representatives, so elected, and representing the ten local associations, shall meet at the office of the branch and elect an additional number of directors equal to two-thirds of the number of local associations in the district. The voting representative of each local association has a number of votes equal to the total number of shares of the National Reserve Association owned by the banks in the local association which he represents. In the case we have assumed there are ten local associations; therefore, two-thirds of that number, or six additional directors, would be so elected. We now have sixteen of the branch or district directors elected. The sixteen directors so elected shall at once elect an additional number of directors equal to one-third the number of local associations in the district. In the case we are assuming that would be one-third of ten local associations, or three additional directors. These directors shall not be officers of banks but shall represent the agricultural, commercial, industrial and other business interests of the district. This completes a board of nineteen directors, constituting the board of directors of the district or branch.

Now assume that each of the other fifteen districts, into which the United States is divided, has elected a branch board in similar manner, we are ready to elect the board of directors of the National Reserve Association. Each one of the boards of directors of the fifteen districts of the United States elects one director of the National Reserve Association. That provides for fifteen directors. Then each one of the fifteen district boards elects a voting representative or proxy. These fifteen representatives shall meet and select twelve additional directors, each voting representative having as many votes as there are shares in the National Reserve Association owned by the banks in the district which he represents. We now have twenty-seven National Reserve Association directors elected, three appointed by the President of the United States and three ex-officio, making a total of thirty-three directors. These thirty-three directors shall meet and select twelve additional directors, not bankers or legislators, who shall fairly represent the industrial, agricultural, commercial and other business interests of the country. I am inclined to think that the statute when drawn should provide that not more than one of these twelve additional directors shall be selected from one district.

Gentlemen, can any man fairly say that this institution so built up, does not represent the business interests of all of the people of the United States? Probably fifteen thousand banks, located in every part of the country, would own the stock of the National Reserve Association. Outside of two or three financial centers these banks are local institutions, owned and managed in all of the cities and towns of the country. Their directors and stockholders are usually the substantial business men in their respective communities. The interests of these banks are identical with those of the community in which they exist. These thousands of local banks do not depend in any way upon the banks in the great financial centers for their business. Indeed, the reverse is true—the great banks in financial centers depend largely upon outside banks for their business.

We have built up an organization, therefore, on lines which, so far as human ingenuity can provide, make it secure against either political control or the control of any special financial interest. We have an institution in which the earnings permitted are so small as to be automatic and in which no effort upon the part of the management could increase the profit

to its stockholders. We have built an institution in which the success of its management must depend upon serving the business interests of all of the people of the United States.

When a sub-committee of the Monetary Commission was abroad, we interviewed the Governor of the Bank of France—one of the most able and eminent financiers in Europe. We asked him "What do you consider the province of the Bank of France and what do you consider your duty as its Governor?" He replied, "Gentlemen, the Bank of France was created by the great Napoleon more than one hundred years ago to serve all of the business interests of France. It has existed under Emperor, under King and under Republic; it continued to fulfill its mission when Prussian armies were marching in the streets of Paris. It has been the leader, not only of the banking, but of all the great business interests of this country. It has never been controlled by politics nor by the great financial interests of France. My duty is to continue the business of the bank as it has existed for more than a century. I could not achieve success by piling up great deposits because the Bank of France is becoming less and less a competitor of other banks. I could not achieve success by earning great dividends because these would largely go to the government. When I lay down the reins of the management of this great institution my administration will be known as successful if I have conducted it for the best interest of all the people of France."

Mr. President, it is an institution conducted upon such lines that we are planning to build in the United States and we must plan it along such lines, with such provisions and restrictions in the law, that it will not lie in the power or desire of any man or set of men in charge of it to defect from it.

Some gentleman has asked me why we call this the National Reserve Association. He said, "Why don't you call it a central bank?" I answered, because the use of language is to convey to other people exactly what we have in mind. We do not call it a central bank because we are not organizing a central bank as that term is understood in the United States and elsewhere. We are creating an institution unlike anything else which exists, or has existed in this country or abroad. We do not consider that any one of the great banks abroad, admirably adapted as they are to fill the wants of the country in which they exist, would be adapted to meet the needs of the United States. They could not be successfully transplanted to our shores. Therefore, we want an American institution, organized upon lines which shall be adapted to the needs of all the people of the United States. If we should call this institution a central bank many people of the United States would think we are proposing to set up a bank like the Second Bank of the United States which existed in Andrew Jackson's time. On the contrary, we are proposing a bank which is exactly opposite in principle to the bank of Andrew Jackson's time. That bank was simply a great private monopoly. The institution which we are proposing is one to fight monopoly and to prevent it. The bank of Andrew Jackson's day was the enemy and competitor of every other bank in the United States from the time it was born. The organization which we are proposing is a bank of banks; it is a method of co-operation between all of the banks of the United States for the common welfare under regulation of law.

I have said that the bank of Jackson's time was a great private monopoly. No other bank could be chartered by the United States during its twenty years of existence; it had a monopoly of note issue by the authority of the United States; there was no limit on the earnings which it could pay its stockholders; it established branches in all the principal cities of the country for the purpose of doing as great an amount of business as possible. There was little control over it by the government of the United States; its earnings were large; every other bank in the United States hated it. It was run solely as a money-making institution for the benefit of its stockholders. Nobody would think of setting up such a bank to-day, and yet, gentlemen, do you know that in 1840, four years after the renewal of its charter was refused, the people of the United States elected a president

upon the platform which called for another bank of the United States? Do you know that Congress twice passed bills to inaugurate such a bank and that both were vetoed by President Tyler under the influence of the State banks, showing that with all of its crudeness it has given to the people the best bank they had had up to that time.

Sometimes gentlemen who had not studied this plan object to it because they say we do not want to create a monopoly. Why, gentlemen, we are acting upon just the opposite principle. We are proposing a preventative of monopoly—we are proposing an institution which has no incentive to monopolize. You can't have monopoly where dividends are limited to five per cent.

Suppose that by law we could reduce the dividends of the Standard Oil Company to five or even ten per cent.; suppose that by law we could decree that the balance of their earnings should go into the Treasury of the United States for public purposes—the monopoly of the Standard Oil Company would disappear overnight. Monopolies exist for the purpose of earning large dividends for those who own them, but if we could limit their dividends to a nominal sum we would take away every incentive for trying to reach out and absorb and monopolize business. The people of the United States are against monopoly and against what they call trusts. The people believe that these great aggregations and combinations do not give the people the benefit of the economies which result from their methods of operation. They feel that instead of giving the public some benefit in prices these great combinations of capital charge them excessive rates. That is the belief of the people, whether right or wrong; but here we are proposing to set up an institution in the financial field where the law absolutely limits its dividends to a moderate amount and the balance of its earnings, which will undoubtedly be large, will go into the public treasury for the benefit of all the people.

Men of undoubted ability and character will manage this great institution and they will naturally desire that their administration be considered successful in the eyes of their countrymen and they can only achieve this result if it is managed for the best interests of the people of the United States.

But some critics say the Standard Oil group or the Morgan-U. S. Steel group, or both of them, will get control of this institution. Gentlemen, the American people have prided themselves upon their ability to originate and conduct great business enterprises. We have prided ourselves upon our inventive genius and upon our new and modern methods of doing business. In our monetary system alone we are behind every other great country on earth. If the American people are not able—if we are not smart enough to organize a banking and currency system embodying the experience so successful abroad so that it is out of reach of political or financial interests, then we will have to go along and suffer under our present system. But I am not willing to admit that the American people, with their energy, inventiveness and originality, are not smart enough to write upon the statute books, in terms which all may read and understand, the provisions and regulations of an organization which will be safe from either of these dangers. And it seems to me that any gentleman who will read and understand the details of the organization which I have described will admit that these fears are groundless.

I want to ask those gentlemen who fear that the Standard Oil group or the Morgan group will get control, who is in control of the financial field at present? (Laughter and applause.) Who has not noted the amalgamation of banks in New York and Chicago which is constantly taking place? Scarcely a month goes by that some colossal bank does not emerge from the unification of two or more other banks in those great cities. Why, gentlemen, it is not left for us to decide whether we will have centralization in the financial field or not. We have it to-day. We will have it in increasing degree as the years go by. The only question for us to decide is whether we shall have centralization under regulation of law, centralization for the benefit of all the people, centralization

which merely enables all of the banks of the country to co-operate for the general welfare, centralization with limited earnings—or whether we shall have centralization located in one or two of the great cities of the country, existing for private and for selfish interests, with no limitations as to the profits which may be levied upon the business of the country.

Gentlemen say that the Morgan or Standard Oil group will control this organization. Under this plan that is an impossibility. But let me ask a question—why should any financial interest desire to obtain control of this institution? How would it benefit them? Does any one suppose that Mr. Morgan and the financiers who act with him, or the Standard Oil group desire to borrow money upon commercial paper which has twenty-eight days or less to run and which must be endorsed by a bank? But, some one says that great financial interests in New York bought the Equitable Life Assurance Society, paying several millions of dollars for its two or three hundred thousand of stock. But, gentlemen, that was a very different proposition, at least before the change in the laws of the State of New York limiting investments of life insurance companies. The Equitable Life had assets of five or six hundred millions of dollars. The Equitable Life had an income of one hundred millions of dollars per annum. Its enormous assets and its enormous income could be invested in the stocks and bonds of railroads and could be used in purchasing the stock of banks and trust companies; its millions of dollars of cash on hand could be deposited with these institutions. It would be a tremendous implement of power in the hands of men who deal with great financial affairs. But this institution cannot purchase railroad stocks or bonds, or bonds of any description, except those of the United States, of States, and of some foreign countries. It cannot even loan its money upon those stocks and bonds; its rates of discount are uniform throughout the United States, so that there is no parallel whatever between the two cases. And I assert that it is ridiculous to suppose that any great financial interest such as I have named would desire to control an institution which could only loan money upon short-time commercial paper, endorsed by banks, at a rate of interest given to everyone who dealt with it.

Some good people are afraid that if we establish the National Reserve Association it would go into politics. I suppose they mean by this that it will become the subject of attack by one political party and of defense by another political party. Why do they fear this? Because seventy-five years ago, in Andrew Jackson's time, a central bank existed over which there was a contest by political parties; or rather it was a contest between Jackson, a great military hero, on the one side, supported by all the banks of the country, and a money corporation on the other.

I have no fear of political contention if the Reserve Association is once established. I believe that after it has been in existence for two years it will become so well established in the regard of the people that no political interest would wish to antagonize it. But if it were possible to again set up to-day the central bank of Andrew Jackson's time it would as surely become the subject of bitter political contention as it did then. The difference is that one was a huge monopoly, competing with and antagonizing a large and important element in our population; the other is a co-operative association with small earnings, created to benefit all of the people of the country.

Upon some questions there is bound to be political agitation which is taken up by political parties—for example, the tariff question. There are irreconcilable differences between groups of people in the United States upon the question of the tariff based upon personal interests. The importers, an influential body of business men, would desire to have no tariff or one so low that they could bring in foreign products without hindrance, thereby increasing their business and their profits. On the other hand, the manufacturers would desire to have a tariff so high that all foreign products of manufacture would be shut out and that might increase their business and their profits. These differences cannot be reconciled, but all of these conflicting interests would agree that we ought to have the best banking and currency system it is possible to devise.

Under the free banking system which prevails in State and nation to-day banks are not in politics. That was not true in Jackson's time. Then banks came into existence as a matter of political favor. In those days men who desired to start a bank were obliged to apply to the legislature of the State or to Congress for authority. In those days the charter of a bank was given as a matter of political favor. In New York State in Jackson's time men who went to Albany to ask for a charter for a bank must be in accord with the dominating political party then in control. Bank charters were given as a matter of party patronage. All this is changed. Bank charters are now obtained by complying with general laws. Probably there are few banks in the United States in which every stock holder and director belongs to one political party.

The Comptroller of the Currency at Washington has the control of seventy-two hundred national banks. He has only to point a finger of suspicion at any national bank in the United States in order to impair its standing in the community where it exists and perhaps start a run upon it by its depositors; yet even in the heat of a presidential campaign no one has ever heard it charged that any Comptroller of the Currency has attempted to use the power of his great office for partisan purposes. The reason is that banks are owned by men of all political faiths. The managers of them are careful to keep them free from any political entanglement. If it is desired to start a bank in a community men are not sought as stock holders and directors because of politics, but men are sought who have capital, who have character and reputation in the community, regardless of political affiliations.

Mr. President, it is important for the success of this reform that it be kept out of political channels. It is important that it be not advocated by one political party and denounced by another political party. It is a matter upon which there is at present no division along political lines. It should be kept there. Our only desire should be to obtain the most perfect banking and currency system possible and adopt it for the general good. This plan is not being advocated along political lines. It is being considered by all of the bankers of the United States upon its merits and regardless of politics; it is being discussed by boards of trade and chambers of commerce and other business men's associations entirely upon its merits. I should much prefer to have this legislation discussed by the Congress of the United States without regard to political lines. It would be much better for the Reserve Association if this could be done.

Whether this proposed legislation can be put upon the statute books along this line or along any line will depend upon the force of public opinion behind it. If the bankers and the commercial bodies are strongly and unanimously in favor of the principles of this legislation their Representatives and Senators in Congress will favor it also, and this will be true in all the other States of the Union.

Gentlemen, we will never be free from panics, from financial convulsions in the United States, until we reform our banking and currency system. I sincerely hope it will not require the losses and suffering of another great money panic to bring about this result.

Our present banking system is like the old Confederacy which existed after the close of the Revolutionary War, weak and flabby, without consistency or power, because there was no co-hesion—because there was no system of co-operation which enabled the States to use their resources and power as a unit. You will remember that it took all of the influence and power of Washington and Jefferson and Madison and Hamilton to induce the people to lay aside that weak and flabby Confederacy and adopt the Constitution of the United States, under which we have grown so great and powerful. And it will take all of the power which we can exercise—the Monetary Commission, the bankers of the United States, the boards of trade and commercial bodies—to induce the Congress of the United States to adopt the principles of this great association which I am proposing to you to-day.

#### DISCUSSION.

THE PRESIDENT—It has been suggested that inasmuch as all that has been said and read this afternoon was in favor of this plan, that those who have some questions to ask on which they are in some doubt, or those who have some arguments to advance in opposition to the plan should, rather, speak first. I do not want to shut off anybody that has some point to make in the affirmative, but let's have whatever suggestions opposing the plan, that may come to your minds, first. The discussion is now in order and we would be glad to hear from you, any of you.

MR. BEISER (Cincinnati)—Mr. Chairman, in accordance with your suggestion I will speak just about five minutes. It is just a little bit difficult for me to comply with your instructions about taking up this proposition on the negative side, but it occurred to me that prior to introducing discussion—which I hope will follow and in which I hope quite a number of you will take part—that I will make a very short review of this proposition from the time it was presented by the Monetary Commission. As you well know, when the Aldrich plan was first presented it was greeted with silence. This, in a measure, may have been due to the prudence of the bankers who, desiring to further study the proposition, and while agreeing on its fundamental principles as to centralized reserves and note issues, they desired to further study the plan before giving any expression of their ideas as to the plan. It was presented about eight months ago, on January 16. Since that time a campaign of education has been in progress, with the result that as far as its fundamental principles are concerned, of centralized reserves and note issues, it has the accord, as Mr. Vreeland has said, of many of the bankers of the United States. Evidence of this is had through the favorable action taken by many State associations and through the endorsement of the Currency Commission of the American Bankers Association. True, the latter has found some objection to some details but it is to be hoped that it and the Commission can come to favorable conclusions so that the committee can present a revised and matured plan for general approval to the American Bankers Association at its convention in New Orleans in November. There have been criticisms and objections. When it was presented to Mr. Vreeland it was presented as a tentative proposition which was to be discussed and criticized. The chief objection to the original plan—Mr. Vreeland referred to the amended plan this afternoon—was that it provided that only national banks could take part in its formation. As they comprise only about one-third of the banks of the country, it is evident that if the State banks and trust companies took any objection, that the bill would fall of passage. It seems that the Monetary Commission—as evidenced by the statement made by Mr. Vreeland this afternoon—has taken some cognizance of this and provided, as he has said, for a certain standardization of banks, which will include State banks, trust companies, savings banks and trust banks. I believe this is in accord with the suggestion made by the Currency Commission of the American Bankers Association, in lieu of the proposition as originally provided that it should provide for the nationalization of savings departments and trust companies. It was feared that the difficulties in the way of the latter were insuperable and there might be some encroachment upon state rights. This is the great argument used by Mr. Breckenridge Jones, of St. Louis. The plan presents a central organization. I am repeating what Mr. Vreeland has said when I say that it does not present a central bank. The idea of a central bank, as he told you, is private ownership and monopoly. In this country politics could not be dissociated from a central plan or from a central bank. I want to emphasize these few ensuing remarks: That it is remarkable to the formation of the plan, or to the organization as provided for in the plan, that politics which is so greatly feared, has been still, through the impossibility of its taking part in the formation as proposed. President

Taft is a party man. Mr. Vreeland has quoted him and I will quote him in the same address, where he said that the plan is so free from motives that are to be used for selfish political purposes that it can be discussed on its merits, without party heat or party advantage, and can be brought to a successful conclusion through the highest motives of American statesmanship and patriotism. What I have said is only a short general review. More could not have been accomplished in the brief space of time in which to take it up. But, Mr. Chairman, it was really the intention that our distinguished speaker should have additional evidence that the Institute man has been studying this question, that he has been watching its progress, and has been taking note of its contemplated changes. Mr. Chairman, if I am not trespassing upon the rights or the time, rather, of those who will follow me, I would like the privilege of asking three questions. Mr. Vreeland—if you please: There was some statement made by you as an objection to that fixed, rigid amount of about \$350,000,000 of greenbacks. I have read carefully the proposed plan and I do not think that it makes any reference to the greenbacks, with this one exception, that the notes of the Central Reserve Association can be redeemed in lawful money?

MR. VREELAND—No; no provision is made for the retirement of the so-called greenbacks, in the plan. As matter of practical legislation it is deemed inexpedient to attempt any changes or any reforms which are not directly connected with and made necessary by it. Many attempts have been made to retire the greenbacks; they have all failed. A very large number of people would still oppose the retirement of the greenbacks. Therefore, it is thought that inasmuch as the retirement of the greenbacks has no particular application to the plan, is not necessary to carry it out, it is unwise to encounter the opposition of people unnecessarily by adding that to it. Very few great reforms are accomplished at one bound. Systems must grow. We cannot do all this at one step. We can readily foresee that other things will grow out of it, if we can make a start along the right line. Sometime, sometime the people of the United States will retire the greenbacks because they might be an element of great danger to the people. But we thought it was unwise to attempt to solve that problem in this plan, because it is unnecessary. What was the other question?

MR. BEISER—As part of the first question, do you think that eventually it will be a development of the Reserve Association that the greenbacks will be retired?

MR. VREELAND—I think all of us may hopefully look forward to a degree of enlightenment on the part of the American people where they will do away with uncovered paper currency.

MR. BEISER—The second question: In your discussion you said that the note issue would be covered by 40 per cent. gold and 60 per cent. commercial paper?

MR. VREELAND—Yes.

MR. BEISER—Does not the plan somewhere say something about the bonds being part of the reserve and our greenbacks be counted as part of the reserve?

MR. VREELAND—These would be the notes issued by the Reserve Association. Of course, that is a large subject. You gentlemen who have read the plan—I assume all of you have—know that at present it is supposed that the seven hundred—in round numbers—millions of 2 per cent. bonds now owned by national banks, upon which circulation has been put out, will be, for a year, taken over by the Reserve Association at not less than par. Of course, seven hundred millions is an enormous amount, even for this great country of ours. Hence, probably currency will have to be issued by the National Reserve Association against those bonds until some method can be found of eliminating them or, as time comes around, to pay them off. Any circulation issued by the Reserve Association, aside from these which it takes over from the National banks, would be based upon these 40 per cent.—possibly 35 per cent. would be considered enough—40 per cent. I advocate—of gold actually in its vaults; the balance, the other 60 per cent., of the

note issue, would be notes of individuals, solvent individuals, endorsed by banks, having not to exceed 28 days to run, according to the provisions of the bill. Mr. Chairman, are there any of the members who have prepared themselves to speak in opposition, perhaps not fundamentally, to the plan, but to speak in opposition to details of it or to suggest changes? At this stage of the discussion those who have ideas opposed to it fundamentally or opposed to the details as proposed, it seems to me it would be well to bring out.

W. O. BIRD (Denver)—I believe that some of my friends in the audience have an idea that I always have a happy faculty of appearing on the minority side of everything that comes up and so I want to be consistent and do so now. Not that I am fundamentally opposed to the plan, but, rather, to bring out points in opposition that may be cleared away, for our betterment and better understanding. Just one idea that I have, first, to call your attention to is the united or the almost united action and attitude of the bankers throughout the country in favoring this plan. I would like to recall to your minds the convention of a year ago and the conditions throughout the country at that time in regard to what was then supposed to be the plan of the Monetary Commission. The bankers of the country apparently were well satisfied that they would report in favor of a central bank and they rushed into print and to addresses unanimously favoring that plan. Yet the Chairman of this Commission has since publicly stated that a central bank for the United States would be impractical, for political and business reasons. Yet we find at this time a similar condition—the bankers of the country favoring the present report, almost immediately and unanimously, what they think will now be the plan and which has been stated as the plan of the Commission. My object in stating these facts is to intimate, without unfriendly criticism, that the bankers of the country have made up their minds before-hand to approve of the findings of the Monetary Commission. We are told that America alone has panics. Yet so late as in 1907 Hamburg in Germany, Valparaiso in Chile and Alexandria in Egypt (which, as you know, is part of the British Empire) were severely affected, even before the panic struck this country. Those who are decrying our financial methods will tell you of the success of foreign systems, yet it appeals to me that it might have been just as well for the framers of the Constitution of the United States to say that England had been successful in her monarchy, or Germany or France or any country at that time having a monarchy, and set forth some plan for us along those lines. They seem to lose sight of the fact of the territorial extent of this country and that a central bank, located in the City of Washington, would be a farce as a central bank, because it would not be central as to location. When you can go across the country of England in a few hours and financial aid can be sent from one end of that land to the other inside of a day, is a just comparison to make of a similar condition in this country with a central bank or a Central Reserve Association, located in the City of Washington, giving aid to, say, San Francisco, at the extreme western coast? I think that point has been overlooked in the consideration. And if this Central Reserve Association is a good plan, then its location should be what its name implies, a "central" location and it should be located in the Middle West where all would have equal access to its relief and not be discriminating one section against the other. The effect of this plan, as it is outlined in the tentative bill, is with a central head office in Washington, with branches in certain sections throughout the country. Now, if you will tell me that that is anything but a central bank and a branch banking system I would like to be convinced of the fact. And all arguments that hold as against a central bank—which is condemned or admitted to be impracticable by the Chairman of this Monetary Commission—and all arguments which will hold as against a branch banking system—which Mr. Vreeland has here admitted is impractical for this country—will hold as against such an association as this, because it is in effect a central bank with branches throughout the United States. Another point I would like to mention, if I am not trespassing too far upon the time,

is the competition that these branch banks will enter into, that the national association at its head office will enter into with banks. In the first place, take the head office. It is to be the fiscal agent of the government and, I presume, take from the national banks the deposits of the government, and the presumption from that is fair that the same course will be pursued with reference to the branch banks, in that respect, it will be competition with the banks and reducing their deposits. Also, in regard to the purchase of foreign exchange, which the association is authorized to do; in that respect it will also compete with the banks. Will it not have the effect, in the local districts, of giving them control of the cost of exchange, or, if they are so constituted, they can defer to the various clearing houses. Then it will mean that they are not absolutely running their own institutions but they are being run by the banks in that section. There is another point, and that is, that any member of the association can withdraw its funds, its portion of the funds, and they will be sent to it by the association. I would like to know whether that means that they are sent free of charge or not? If they are sent free of charge it will be a mighty fine thing when the banks can transfer their funds from one section of the country to the other and the Reserve Association will stand the expense, which will do away with the cost of exchange. But I doubt the practicability of carrying out such an intention if there is one. And, lastly, we are not told who is to manufacture the notes of the voluntary association. Is the government kindly to stand the expense of the printing of these issues? Is the government going to put a burden on the people who are now claimed by the Secretary of the Treasury to be absolutely ignorant of the different kinds of notes? Are we going to be flooded with another kind for the people to try to distinguish between? The Secretary of the Treasury advocates the codifying, the reducing of the different kinds of notes, so that people can tell, if they see a one-dollar bill, that that is a one-dollar bill and it is not a ten—that has been raised. And if the argument that the Secretary of the Treasury has put forth is good, those bills can be retired in a few months, I call you all to witness by your own experience that the hundred-dollar silver certificate which was recalled about 12 or 14 years ago still bobs up from time to time. Thank you.

J. H. ASHLEY (Chicago)—There seems to be a general idea among those men who are supporting the Aldrich plan, or, as it is called, the Central Reserve Association, that the inelasticity of the currency of the United States is responsible for all industrial depressions, and they point with a finger of pride to our brothers across the water, and perhaps with a finger of envy, when they say they have no panics there—"there is an elastic currency." There have been ten industrial depressions in Europe in the last eighty-five years; there have been ten industrial depressions in the United States in the last eighty-five years. Those in the United States they claim are caused by inelastic currency. Europe does not have inelastic currency. We know that a panic in one country can propel itself to another. Therefore, by a logical deduction, the inelastic currency of the United States is responsible for the industrial depressions of Europe! Is that reasonable? Let me give you some figures. There was an industrial depression in the United States in 1837—in the other four great manufacturing portions of the world—Great Britain, Germany, France and Belgium—in 1837. There was a depression in America in 1847 and the same in the other four nations. There was an industrial depression in America in 1857—in Great Britain and Germany in 1856; in Germany and Belgium in 1855. How could the lack of elasticity in the currency of the United States in 1857 propel itself backward and cause the depression in Germany in 1855? The same thing is true in 1867. There was an industrial depression in this country and Great Britain in 1867, in Germany in 1866, in France and Belgium in 1864. Depressions followed then—1873, 1882, 1893, 1898, 1903 and 1907. Eight of these industrial depressions in Europe were accompanied by financial panics, which is absolute proof that the elasticity of currency in Europe does not prevent panics. In 1882 the panic was so great

in its extent, so many persons were thrown out of employment, so many corporations were forced to liquidate that Congress authorized the appointment of the first labor commission. This labor commission got out its report in 1886. It investigated every financial panic from the year 1826 down to that time and found that the fundamental reason for every panic and industrial depression throughout the world was speculation, which cannot be better defined than by these words: That it is a risking of capital in the attempt to gain an unethical increment. Now we know that the center of the speculative market in this country is in the City of New York. We also know that every panic in the country—with the exception of that one deliberately planned and executed by President Littel of the United States Bank—took its origin in the City of New York. Now here are two facts that might be dwelt upon at some length: The fact that the center of the panics is also the center of speculation. Here is the weak point of our engine. No machine is any stronger than its weakest point. And right here in this place is where our cure should be applied. What would we say about a physician who is called in to cure a cancer and prescribed for indigestion or some other slight malady for his patient? Why, we would condemn him and wonder how the colleges of our country could turn out so unworthy a fellow or so bad a follower of Aesculapius. And yet that is the very act of the Monetary Commission. If the Aldrich plan is to cure panics or alleviate them in any way it is a half-way measure; it is the act of the surgeon who is afraid to use the knife; and any act that does not provide for the elimination of speculation in the United States cannot and will never prevent or alleviate the effects of panics in this country or any other.

D. H. THOMAS (Pittsburgh)—The Aldrich plan for new monetary legislation, as approved by Mr. Vreeland, is so sound in many of its positions and so interesting and suggestive throughout that it may seem almost invidious for me to say anything in opposition to the opinions expressed, and yet the very ability of the plan is sufficient reason why its mistaken opinion should be controverted. This is especially true if these opinions are such that they would, if accepted, or they might prove a real hindrance to the achievement and maintenance of our position financially and commercially among the progressive nations of the earth. If the Aldrich plan were taken merely as a suggestion or pointing the way to a solution for the existing defects, I should give it my heartiest assent, for I find myself in full accord with the basic principles of the plan. It is certainly constructed along correct lines and one can not help being struck with the ingenuity of the whole scheme. Taken in its entirety, however, I differ with the author by thinking that there are a few propositions to which it is hard to yield assent. It contains certain provisions that to my mind prevent its successful operation. I am very glad that Mr. Vreeland mentioned the fact that it is going to be universal in regard to the banking institutions—that they are going to include the State banking institutions together with the national banks—although I am rather anxious to find out just how they are going to do this. At all events, I think that if the plan were taken in its entirety it would prove a cumbersome piece of machinery with which to improve our financial system. It is cumbersome because the method of management seems to include wheels within wheels. I refer more particularly to the local associations and the branch banks. We have heard the discussion of the local association and the branch banks, so I shall not burden you with a discussion of them in detail. It seems to me that in every other line of endeavor the aim seems to be to reduce the number of parts—it is the spirit of the age. Then why design our new currency system or new bank system to include so many complicated parts without any apparent increase in the advantages? In the matter of handling rediscounts as a basis for note issue, it seems to me that the minds fitted to pass upon the acceptability of the securities should be thoroughly familiar with the makers of the security itself. And I cannot see why we should have the branch bank at all. Why not do away with it? The clearing house association, with its present facilities—and probably we would have to

enlarge upon it a little—would, to my mind, be thoroughly competent to handle this particular part of it; that is, to take the place of the branch banks; and so its contributing territory within a radius of 200 miles could transact their business through it. At any event competent clerks and accountants would have to be employed in order to carry out the scheme as proposed in the plan, and as one at least efficient and competent man would have to be in charge, why not have the Reserve Association appoint their representative to have charge of it, and in that way they could secure a supervision of the whole thing. Besides, it would curtail the expense of maintenance a great deal because the directors of the branch banks would necessarily have to be at the branch place in order to attend to their business, and as these are appointed or elected by the local association, it would be nothing but fair to expect that they should be remunerated for their labor and time. If this were done it seems to me we could eliminate the branch bank altogether, without in the least impairing or weakening the system. Aside from this, it is more essential and practical that the rediscounts, which will be maturing constantly, should be retained in the locality where they originate, rather than to go into the extra hazardous risk of shipment to and from some distant branch. There was another point. I think the most important point is the question of reserve. It seems rather peculiar that the plan does dwell on it, but rather lightly—too lightly, it seems to me. This is a question of first importance and it should be made more emphatic. And yet it may be that my difference after all is just merely one of emphasis. In determining reserve requirements a hard-and-fast rule for all style of banking institutions is unfair. Up to the present time the methods of deciding the percentage of reserve have been very crude, being arbitrarily set, without reference to the actual demands of depositors. A business which is in itself so purely scientific, its operations based upon the law of averages, it would be expected that the fundamental principles upon which the business is based would be taken into consideration when seeking to prescribe a formula or system. Such a system should contemplate the requirements of each kind of banking institution and afford to each the means of scientifically adjusting itself to the system. To illustrate: We have among our institutions the national bank class, which in New York City is called upon to pay out, in one week, through the clearing house, an amount equal to its total deposits, as evidenced by published reports. This varies in different parts of the country as follows: New York turns its entire deposit in 6 days, Chicago turns its entire deposit in two weeks, St. Louis turns its entire deposit in 25 days, Pittsburgh turns its entire deposit in 28 days, Muskogee turns its entire deposit in 60 days, and the small banks in the interior probably turn their deposits in three to six months. The proper way then to fix the amount of reserve, in my mind, to be carried by any bank is to find out the excess of debtor over credit, each day, this to be carefully tabulated, and where the deposits are completely turned every seven days, it is plain to be seen that it should be necessary to carry a larger percentage of reserve than where they are turned every fifty days. And, as Mr. Vreeland just remarked, there are over a billion dollars—I thought it was nine hundred million—but there is a billion locked up, wastfully locked up, in the different banks, that cannot be used. Why can't we arrange this scientifically so that we can use a great part of this nine hundred million? It reminds me, gentlemen, the way they have got this arbitrarily fixed; it reminds me of a 98-pound man going to a tailor to be fitted and the tailor brings out a 300-pound suit and says, "Here, wear this," and he has got to wear it arbitrarily.

H. H. MCKEE—The point of view that I have not seen presented anywhere else except in an article in the North American Review in September, by Wilber L. Stonex, a student of monetary legislation. The present law provides a remedy for two of the great defects of our currency system: Consolidation of reserves and for the co-operation of the banks. The question is, does it provide a sufficiently elastic currency? And this is the subject which Mr. Stonex treats in his article. I will read, very briefly, if you

will pardon me, an abstract that I made from this article. Most of the articles on this subject have been written by representatives of bank interests.

"The relation of banker and patron is similar to that of buyer and seller, antagonistic. The lender wants a high rate of interest, the borrower low; in any particular case the rate is fixed by agreement. Lenders may maintain a high rate, regardless of supply of money, by mutual agreement upon some arbitrary rate. Borrowers exceed lenders. The highest principle of political science is the greatest good to the greatest number. In this particular, the interests of the many must be represented by the government. The Aldrich plan proposes to put the decision as to how much money may be in circulation, in the hands of bankers, to the complete exclusion of any representative of the people. It would be just as well to submit the railroad rate settlement to a committee composed exclusively of railroad men."

E. A. HAVENS (Providence)—Modern finance recognizes two adequate securities for currency issues—gold and bankable commercial paper. If we are to rebuild the fabric of our currency let us lay the foundation deep and strong upon these two—the one on account of the inherent value, the other on account of its constant daily process of liquidation. Any plan which falls short of this is leaving for future generations a legacy of financial incompleteness which time will accentuate with no uncertain consequences.

The centralization of reserves is to be accomplished by the voluntary deposit of banks in the Reserve Association as well as the cash balances held by the Government. A well known bank president has publicly stated with much vehemence that the only deposits expected of banks are such as they now carry for their cash reserves. I find nothing in the Aldrich plan to warrant such an assumption. On the contrary, its author states in his letter of January 16, 1911, that it is the purpose of the plan to utilize a considerable portion of available funds now absorbed in stock exchange loans in such a manner that they may be used in legitimate business enterprises.

There seems to be only two ways of accomplishing this desirable end, one of which is the increase of cash reserves carried by banks and the other the regulation of that gigantic evil of modern banking, the payment of interest on demand deposits, a factor of such potency that within a generation it has entirely changed the relation between banks and their depositors. Unsound as a business policy and opposed to all principles of conservative banking it has, more than any other influence, forced the banks into stock exchange loans as the only alternative to tying up their funds in dead time loans or letting them remain idle.

Upon this question so fraught with dangerous possibilities the Aldrich plan is dumb. Are the interests of our national bank stockholders of such slight account that they must continue to shoulder the losses arising from this system? It will doubtless be argued that a reform of this system should come from within and not from without. It undoubtedly should, but human nature is such that reforms rarely come in that way. In these days when the rights of the masses are constantly held as paramount to the rights of the classes, it seems that the great mass of bank stockholders are entitled to some relief from the liability which this custom has imposed upon them.

Mr. Aldrich evidently expects that his plan will result in the establishment of a discount market in this country similar to those in Europe and that this will prove a remedy for the necessity of banks investing in stock exchange loans. The argument is not convincing.

The vast sums of money now held as reserve are to be so mobilized that they are available to any stockholders in the Reserve Association. Nothing seems to prevent a considerable portion of this money finding its way to the great speculative centers, thereby really augmenting rather than decreasing the amounts available for stock exchange business. The weak point in Mr. Aldrich's plan for centralization of reserves lies in the fact that it is not of universal application to all banking institutions.

There are throughout the country State banks and trust companies which are large depositors in the na-

tional banks. It follows therefore that, in time of need, these great depositors will demand, and undoubtedly receive, the same assistance that is extended to other depositors. Thus these banks will indirectly enjoy all the advantages of the Reserve Association, without any of its obligations, and the cash reserves of national banks will be used to bolster up institutions equally able to accumulate and carry reserves, and over which neither they nor the National Government has the slightest control. This point is accentuated by the fact that these institutions outnumber the national banks more than two to one.

A well-known financier says pertinently in this connection, "I can't see why banks will want to place their reserves in the hands of a reserve association," and surely if there is even a remote possibility that their cash reserves will be used to aid banks which have no part or parcel in the association, it is difficult to find a convincing argument in favor of this feature of the Aldrich plan.

The deposit of national banks in the Reserve Association is permissive, not obligatory.

We have now considered at length the factors which are to be eliminated from our financial system and it seems pertinent to inquire if anything is necessarily to be added to it.

The discount market of foreign countries appear to have filled a position in their financial systems for which we have no parallel in the United States. It is impossible within the limits of this article to explain in detail the workings of this system. Briefly stated it contemplates the co-operation of both the mercantile and financial strength of a nation, to sustain the credit of its people instead of depending entirely upon the resources of the banks as we do in this country.

It has been held that without the discount system the central bank system is ineffective—one cannot exist without the other—and further that the entire financial systems of Europe are based upon this interdependence of the two.

We must therefore conclude that a central reserve association cannot properly fulfill its functions without the adjunct of a discount system. Mr. Aldrich has evidently recognized this fact and has given much space to the methods of dealing between the Association and its stockholders. The question, however, is not so much regarding these methods as it is the broader one as to whether a discount system can safely and efficiently be grafted upon our present method.

The vital point of the discount system is in the lending of the bank's credits to the maker of a bill of exchange by acceptance thereof by the bank. In European countries where banks are few this method may work efficiently, but in a country like the United States with twenty-odd thousand independent, competing banking institutions, it is a problem of entirely different standing.

It seems highly probable that banks would soon use this power in unhealthy competition with each other as they now use the payment of interest on deposits. The writer has recently heard of a large bank in a western city offering, unsolicited, to loan to a certain corporation several hundred thousand dollars. It is but a step further to offer the banks credit whereupon its neighbors will be obliged to meet such conditions in self defense.

The fact is that the American public is deposed to strain the accommodations and resources of the banks to the utmost limit. Instead of assuming the position of a suppliant asking for favor, it is that of a master demanding a right. The least show of hesitation or independence on the part of a bank is liable to result in the loss of valuable business, and a black mark against it in the business community. We should therefore go very slowly before adopting a system which will further encourage competition between banks and render their customers still more insistent in their demands. The American people may in time wake up to the belief that sound banking is the strongest basis for a nation's credit in times of stress, but until that time arrives it is folly to place the conservative banker in the position of refusing what his less scrupulous neighbor will give and even may offer unasked.

Let us in closing review the objections:

First—The plan, in providing for the retirement of national bank currency, places upon the Reserve Association the burden of carrying and disposing of the 2 per cent. United States bonds now held for circulation, the shrinkage upon which must be borne by the subscribing banks.

Second—The centralization of reserves includes the cash balances of only one-third of the banks in the country and thus falls at the outset in its most important function.

Fourth—The plan is ineffective without the establishment of a discount system which if adopted will introduce a new and dangerous form of competition between banks.

Fifth—The plan presupposes a spirit of disinterestedness in the national banks with which they can scarcely be credited.

They are to be deprived of their circulating notes on which there is still some profit and much convenience in a regular supply of new currency; they are accorded the high privilege of subscribing to the stock of the association with a possible prospect of 4 per cent. or 5 per cent. dividends; they will be in duty bound to prevent panics by using their privileges in the Reserve Association for the benefit of trust companies and other State organizations.

Sixth—The National Government is given representation on the governing body of the association out of all proportion to its interests therein.

Seventh—No provision is made for reserve against deposits nor for a sufficient cash reserve to meet circulating notes presented for redemption.

Eighth—It provides for the indefinite issue of currency partly secured by bonds and contemplates the taxation of issues beyond a certain amount.

Ninth—Upon general review of the plan it may with good show of reason be called a plan of half-way measures. It does not absolutely require the retirement of national bank circulation and it centralizes only a portion of the reserves of the country.

Again, I must repeat, "What a millstone to hang about the neck of a new and untried system."

THE CHAIRMAN—We will close the discussion at this point as Mr. Vreeland will answer some of the objections that have been made.

MR. VREELAND—Certainly the discussion by these gentlemen has been of great interest to me; I have no doubt it has been to the others here. It discloses a good deal of study on the part of these young men who have pointed out what in their minds are defects of the system. Some of the points made are of considerable moment and important. John Sherman, the great financier, said in his memoirs that after a public service of more than 40 years, a large part of it in the House and Senate of the United States, he never yet saw a piece of legislation go through just as he wanted it; he never saw a bill become a law that did not bear the imprint of some other man's opinions. This plan has been put out for the people of the United States to discuss—all of us that are interested and competent to discuss it—these men here to-day. If it is wrong fundamentally then we should discard it; if it is right fundamentally but wrong in some details, then we must take up the details and endeavor to correct them. It has been discussed and is being discussed and written about and talked about by thousands of competent men to-day. Very many changes have been made since it came out. Many more changes will be made, as the result of such discussion and thought here to-day, before it is competent to go onto the statute books. That is the purpose of it. The people who are urging this legislation invite discussion, they invite criticism, they invite opposition. If it is not strong enough fundamentally to stand up against opposition we don't want it. If there are any details that can be suggested to make it stronger, those should be incorporated into the law. Gentlemen, this bill is not going to be passed into law in some back room, by somebody that we do not know. Any reform in our banking and currency system that goes onto the statute books of this country is going to be written out in the English language, where all of us can read it, where all of us can understand it and dissect it in advance. There is no danger of anything slipping onto the statutes that

will not be thoroughly discussed by the people of the United States, and there ought not to be. I believe no gentleman who has spoken here to-day has fundamentally opposed this plan—possibly with the exception of my friend from Chicago (Mr. Ashley). He didn't have time to indicate fully whether he would wipe the whole thing out or whether he would make some important changes in it—

MR. ASHLEY—Mr. Vreeland, I would like to give you my paper to read, if you will do so, some time.

MR. VREELAND—Very glad to, sir; very glad to read it. I want to say that the papers written by the young men of the various chapters of the Institute in the country will compare very favorably with the papers written by anybody anywhere.

I have jotted down some of the objections, as far as I could, of the gentlemen who have talked. Mr. Bird, the first one, made some criticisms, first, that the bankers were prepared in advance to accept the plan proposed by the Monetary Commission. I hardly agree with him on that, and yet, if it is true, it is a mighty good indication. The bankers, 12,000 of them, belonging to the American Bankers Association, they ought to be the most powerful body of men of any body on the face of the earth, generally, intelligently and patriotically. It represents practically all the business of this great country. And yet they have been able to accomplish nothing in all the years that have gone by. Why? Because they were determined to disagree as to anything that was brought out. You couldn't get a body of them together in which a quarter of them would stand for any plan that could be presented. The consequence has been that the Congress of the United States says, "Oh, you bankers, you make me tired. Go back there and sit down in the corner and come to some substantial agreement among yourselves before you come around and bother the Congress of the United States." Hence, growing out of that experience, I believe that what the gentleman said was true, that the bankers of the United States were determined to accept the plan if it was one that on principle and fundamentally could be accepted, to accept it and then take it up, as they have, to revise it, perfect it and adopt it into the statute law of the United States. That is the most hopeful sign I see that in the near future we may have financial legislation and is, I believe, the disposition of the bankers that my friend from Denver (Mr. Bird) has pointed out, that they are willing to get together and accept a plan that is offered; not one that will suit the ideas but every one of the 12,000 bankers of the United States but one which is fundamentally sound and comes near to suiting them. It cannot be made to suit everybody. As John Sherman said, we must recognize that this law won't suit all of us, in all respects, anywhere. It won't me. I would make changes in it. Therefore, I am very glad if the bankers of the United States are prepared to take up and adopt any reasonable plan that looks to a better system of banking and currency.

Mr. Bird as well as others spoke of financial depressions abroad. I think Mr. Bird referred to a financial panic in Germany. I haven't happened to hear of a financial panic in Germany or in any other country abroad, among the great countries of the earth, which compares to what we call our money panic in the United States for the past 50 years. They haven't had one. They revised their monetary system half-a-century ago to do away with the money panic. They used to have it before that time.

The system which we have got to-day, gentlemen, is a relic of barbarism. No wonder that the bankers abroad—put in danger as they are by the system of this great country—call it a barbaric system. It is.

The same answers the point of another gentleman. I haven't made myself clear to-day if I have not put into your minds the difference between business depressions and these money panics. I am not talking about business depressions. Why, heaven bless you, they have a dozen business depressions in those great countries abroad to one in this great blessed country of ours; they have failures of crops there a dozen times where we have it once. Our country is so great, nature is so bountiful with us that while we have failures in some particular part of the coun-

try, we have enough, thank heaven, for all of us year after year. We are particularly exempt from business depressions growing out of failure of crops. We are particularly exempt from business depressions growing out of political reasons—wars, rumors of wars and troops upon the frontier. Why, Europe is an armed camp. Germany and France and England are bristling over each border with bayonets. It is a wonder they do business at all. And yet, with all these advantages in our favor, three thousand miles of isolation from the rest of the world, freed from war and from failure of crops, in spite of this is it not remarkable that we are the only great country in the world that has these financial, money panics?

Is any gentleman here prepared to say that any great country abroad has suspended cash payments during the past 50 years? Has there been any breaking down of domestic and foreign credit and exchange among the banks in any country abroad in the last half century? If so, I would be interested to find the history that will tell me about it. We have had the failure and almost universal suspension of cash credits in our time. I can remember several of them myself, when I was behind the counter of a bank. It accounts, in a very large degree, I believe, for the small amount and color of the hair that I have left. (Laughter.) I never want to be in charge of a bank, even a small bank with a million of deposits, and go through another one of those money panics that we have in the United States. Life is too short. They do not have them abroad. They have depressions but they do not have money panics. We have depressions very rarely but when we do have one it runs into a money panic and suspension of credits and suspension of payment and a universal financial crash. Why, if a locomotive is pulling a train along here and something is the matter with the locomotive and it only makes partly enough steam, that means that the train will be longer in getting to its destination, it will go slower. That is a depression. But with us the locomotive runs off the track and smashes up the cars and the engine and the people in the train. That is a panic. We would get over a depression caused by a failure of crops perhaps the next year when we had good crops but these financial smashes we have, when the whole thing goes down in universal ruin, why, you know, gentlemen, it takes years and years for the return of confidence, for people to get ready to take another chance to do business again. It is a gamble, doing business under our financial system, and there is not a man in this house, there is not a man in this city, there is not a man in the United States who runs a bank who can tell what his situation will be three months from to-day. You cannot protect yourself. Unless you gather up your money and put it in your vault and sit on the vault you do not know where you will be three months from to-day. We don't want that system any longer.

I think it was Mr. Ashley of Chicago, who complained that we were leaving out the great element of panics and that is speculation. I am afraid that is true. We cannot, unfortunately, provide by statute that men shall not speculate. In the first place, I am afraid we could not write out on the statute books what speculation is; I don't know where we would commence and where we would leave off. A man goes out on the next street and he buys a piece of property, perhaps a house and lot, and pays \$2,000.00 for it. Why? He thinks that maybe the next year or years after he can fix the house up, paint it and sell it for \$2,250.00 and make \$250.00. That is speculation; at the same time that is business. Hence, I am afraid we cannot provide any plan of the Monetary Commission for a receipt against speculation. If we could succeed in doing that I think we could also write in these provisions whereby nice little wings would commence to grow just behind the shoulder blades of all of us.

The panic of 1907, they say, was caused by speculation. Let's admit that is so. Let us admit that the panic of 1907 started in the great City of New York, which is full of speculators, I am going to admit,—and it is also full of business men, carrying on the great business of a great continent. We don't want to strike at one and hit the other. Let us

assume that the panic of 1907 started because some speculators got into some big banks in New York City and attempted to use the resources of those banks for their own purposes. All right. What happened, assuming that to be true? Under our system we were not able to confine the damage to the banks which permitted those stockholders to get in charge of them. We cannot devise any system whereby if people will allow speculators to officer their banks—if they will run them improperly and imprudently, we cannot provide any system that will save us from having that bank fail and the depositors and the stockholders lose. But, gentlemen, we want to devise a system so that if speculators get into banks in New York and start trouble the trouble will fall on them and not extend to the city of Rochester and to the city of Chicago and clear across, out to the Pacific Ocean. We don't want all of us, we don't want the whole 94,000,000 of people to suffer because of the act of a few speculators who get into important institutions. Gentlemen, you will have adventurous business men and you will have speculators in business just so long as business continues. Just so long as the rivers run to the sea speculators will continue to get into positions of responsibility. But we must get a system which will stand up against the acts of a few speculators so that the rest of us won't all suffer from the acts of a few. Was there any reason why the busy and teeming and tolling millions out in the plains of the Mississippi Valley,—their business more than they could attend to, raising great and abundant crops which they could sell to a population employed in their factories at high wages, factories all running at more than full time, railroads all overwhelmed with freight—is there any reason why, under those circumstances, the acts of a few speculators my friend refers to, in New York, should stop all that, should start a panic which spread out where they did not even know that credit was strained, and bring losses and suffering to millions of all the people in this country, from which we have not recovered yet? We want a system that won't do that. We want a system where some one man in some one place cannot put a little obstruction in the machinery and stop the whole financial and industrial machinery of a great nation like ours.

F. F. BLODGETT.—Mr. Vreeland, there is one item, I imagine, that is responsible in no small degree for these widespread panics, and that is in our press. I think that the undue publicity that is given some of these slight runs, we might say, on banks, in our cities, heralding it too widely—I think that in no small degree they are responsible for the widespread results in these small disturbances.

MR. VREELAND.—Well, I will say to my friend, that that undoubtedly helps. But we could hardly endeavor to procure a remedy along that line. If we have a slight odor on our persons, resulting from wearing linens too long, the better plan is to wash it instead of putting on perfumery. Now why is it that the publicity given by the newspapers to some failures here and there or anywhere, why is it that it makes us apprehensive? It is for the reason that I have endeavored to tell you gentlemen, to-day—because every banker in the United States and the most of the people know that you have got a bad system and the minute that the slightest disorder breaks out in it they commence to fear that we are going to have a panic. Now it seems to me the proper way is not to compel the newspapers not to print the news but to establish a system where, if a bank closes in St. Louis this afternoon, every other banker in the United States will not be apprehensive about it. They will know that it wouldn't have closed unless it had been poorly managed, it wouldn't have closed unless it ought to have been closed. That, it seems to me, is the better remedy for us to adopt.

MR. BENFIELD (Scranton).—May I ask why was the provision put in the proposed plan that no interest be paid on deposits? Would not that have a tendency, if they paid the interest, to draw from the reserve this part of the reserve that is now invested in Wall Street securities and take it out of the hands of men who resort to such methods?

MR. VREELAND.—I want to say that the plan of the Monetary Commission has been all the while to make a voluntary institution. We do not want the banks compelled to do anything, from start to finish; we do not want a word of compulsion in it. If this institution shall be set up we have got to leave everything we have got to-day; nothing will be taken away. We have got that much in addition for the banks to use, if they see fit. Now why should not they pay interest on deposits? Because the whole theory has been that we are not setting up a competitor to existing institutions, because the whole theory has been that this institution will merely complete our banking unit, that it will be for the use of all the banks. We do not want this bank to pay interest for the purpose of drawing the deposits away from other banks. And I might as well say to you gentlemen now as later what my theory will be in the actual working of this law. In my judgment the thousands of banks throughout the country will very largely do business just as they are doing it to-day. In my judgment the thousands of little country banks will continue to keep their deposits and will continue to get their rediscounts through the correspondents that they do to-day. Where will the deposits of this institution come from? In my judgment, they will come almost entirely, at least very largely, from the central reserve cities and the great reserve cities of the country; they will be the hundreds of millions of dollars now on deposit, the money of other banks—in New York, Chicago, Philadelphia, St. Louis, in Boston—that will be where the money will come from in the Reserve Association—for several reasons. In the first place, it can then, without expense, be transferred to any part of the United States, upon the books of the Reserve Association. In the second place, while it is dangerous to-day for the New York banks to hold the reserves of other banks, because they may be called upon, as they often have been, for them, all at one time, and they cannot pay it. When they once put those reserves into the hands of the national association, then, for the benefit of all of them, they have put their reserves where they can pay them all upon demand, because we are giving to that institution the right to expand its note issue, based upon gold and commercial paper; we are giving to the National Reserve Association the right to create practically unlimited quantities of money, based upon gold and commercial paper. In other words, we can change our credit into cash, through this institution, whenever the need comes. That right we cannot give to the great city bank. But when they put the national reserves into the Reserve Association they have then put themselves in shape where they can meet the demands of the business of customers whenever they come along. So we do not provide for interest on deposits. We do not provide for any greater change in existing banking methods than is absolutely necessary in order to carry the plan into operation.

J. A. BRODERICK (New York).—Mr. Vreeland, I would like to ask you a question with reference to the capitalization which, as I understand, is to be \$300,000,000?

MR. VREELAND.—Yes, sir,—approximately that.

MR. BRODERICK.—Is that to be held entirely by the banks?

MR. VREELAND.—Yes, sir.

MR. BRODERICK.—What provision, if any, has been made by the Monetary Commission in case the banks of this country should not subscribe for the entire \$300,000,000 in stock? \$300,000,000 is a tremendous sum. If that subscription is not to be compulsory? I was wondering if that point had been covered by you?

MR. VREELAND.—I think I stated in my address that this was expected to cover the growth of the future. I think we would hardly expect the amount would be subscribed at this time, nor would it be necessary. But this country keeps getting larger. Every ten years we have 15,000,000 more people, and they all do banking business. Hence, we are providing that amount of capital looking to the future when we will need more capital.

Mr. Bird thinks the size of the country is fatal to such an institution. It seems to me the exact opposite is true. Gentlemen, the fact that we cover a continent, the fact that we have got 94,000,000 of people and before some of you men die we will have 194,000,000 of people, the fact that we do the enormous business we do, is every reason why we need this institution more than any other of the countries. I will tell you why. Take Great Britain, for example. England has about 40 great joint stock banks; all but two of them are in the city of London. One of them is in Manchester and the other is in Liverpool—and the managers of those institutions told us they would like to go to London if their stockholders would let them. There they have got a consolidation of all the great financial interests of that country in its one great city. The managers of that comparatively small number of banks located in that city, they do not need a central institution through which to act, they can act together, by themselves, and they do act together, by themselves. France has only three banks outside of the Bank of France. How readily they can co-operate and bring their strength to bear together! The same way with the other countries. How about us? We have got 25,000 banks, from one end of the country to the other. In some of them are great financiers, men who understand the principles and theories of banking—the best talent that money can buy; and in others the baker, the shoemaker and the successful lawyer are officers of the institution, who know nothing about the principles of banking. Hence, more than any other country on earth, on account of the size, on account of the vastness of this country, we need an institution of this kind, framed under the law, responsible to the law, to which we can look for leadership and for guidance in business affairs.

We are providing—I don't know whether it will go through Congress or not—for a limited acceptance by banks in the country. It seems to us that if Swift & Co., who float a great amount of single-name paper throughout the banks of the United States, it seems to me that if Swift & Co. can go to the First National Bank of Chicago and the Continental Commercial Bank of Chicago and make arrangements with those two great institutions which are satisfactory to them, secure them in whatever way they want to pay them an eighth or a quarter of one per cent., and if they are permitted to accept the paper of Swift & Co. to a limited amount—say, half the capital—as we provide, would it not be a fine thing for all the banks in the United States who buy Swift & Co.'s paper to have added to it not only what they think is the strength of Swift & Co. but the strength of the two institutions behind it? That would be undoubtedly one of the effects of this plan.

It is a legitimate criticism on the part of any gentleman here to say that it is dangerous for us here to go along on that line. Yet we venture to suggest it and put it into this proposed law to a very limited degree, believing we can start in and work along those lines. Perhaps we need to have a limitation as to the size of banks and the size of cities which should be given the right to issue acceptances.

We cannot do all of this at once. If we can once get our foundation started right—we don't need to build the monument to the skies, to commence with—if we can get it started right, these things will come along with the experience and added knowledge of the years to come.

Will be a branch bank system? That struck me as being a pretty formidable indictment of this proposed legislation. I am thoroughly opposed to the branch bank system. I had the pleasure of visiting most of the large countries where the branch banking system prevails. I do not think the branch bank system is compatible with the American temperament; I do not think our people would take to it if we were building from the commencement. We all admit the merits of the branch bank system, its economy—no system can compete against it. If we would permit the branch bank system to exist by law today in the United States I would venture to say to you that in 20 years instead of having 25,000 banks that practically the banking interests of this country

would be in the hands of a few great banks in New York and Chicago. I am opposed to that. I think we had better keep the system we have got, the system of home ownership of banks that exist for the benefit of the communities in which they live, and add onto it some provision for safety so that they all may use their strength together. But it certainly is a surprise to me, because I have not heard the criticism made before that these branches we are establishing under this law will be in effect a branch bank system. I think if the gentleman will study that carefully he will change his mind. The branch banks are merely for convenience, they cannot compete with banks in the community, they are there for the purpose of facilitating exchange from one part of the country to the other; they are there largely for the service of the banks and the convenience. If the country were not so big we wouldn't need any branches. But they can be considered in no sense as branch banks. Under the branch bank system the National City Bank of New York, without putting a dollar in its capital, could come into Rochester and put a half-a-dozen banks around the city and could go into every town in the United States and establish a branch, without adding a dollar to its capital. It is evident that a local bank, with large capital and expenses, could not compete with that sort of an institution. We are not proposing that. There is not a word or a letter in this law that is going to set up branch banking, as I understand it, and as I have found it in the countries which I have visited. I think I may venture to assure my friend who raised that point that further study on his part will show how wide the line of demarcation is between branch banking and these branches which we are establishing.

Expenses of printing notes. I think I may safely leave that to the developments of the future. I think I am safe in saying that Uncle Sam won't print these notes unless somebody pays him. He doesn't now. You remember his bill is very prompt in coming for the printing of all of the notes to-day and for fear that it might be a little too low he loads it and makes it a little too high, so that the Government has made quite a nice number of millions of dollars out of the printing and furnishing of these bank notes. I think the Reserve Association will have to settle for the printing. That removes an objection from some man's mind.

Funds are transferred free of charge. This might be bad news to the express companies but I do not know how any banker in the United States could object to it. That does not mean that they are going to be done up in a bundle and shipped. It means that with the facilities of these branches in the principal cities of the United States transfers are made on the books. The First National Bank in Chicago keeps \$10,000,000 with the National Reserve Association and the Reserve Association has a branch in both New York and Chicago. The First National Bank of Chicago directs that \$500,000 be transferred to somebody, from New York, or from one bank to another, or, no matter what it is; it is a mere operation on the books of the concern. It does not mean that they are going to ship funds in great quantities throughout the country.

Mr. Havens inquires where the deposits of the Reserve Association will come from. I think I have fully expressed my opinion upon that point; that they will come very largely from the great cities, the central reserve and the great reserve cities.

Restriction upon the payment of interest. Some gentleman, Mr. Havens, I think, in his article, criticises the plan for not providing for the restriction of the payment of interest by banks. Sometimes, you know, legislation hits where you do not expect it to. It seems to me that it would be very unwise to pass any national law interfering with the payment of interest by banks, or by banks of different localities, unless the necessity for it is much more apparent than it is at the present time. You might just as well pass a law that New York or Chicago shall not offer any more for grain than California shall, in order that it may not be diverted from going from one place to another. Money should go where it is needed; it ought to go where it is needed.

FRIDAY MORNING, SEPTEMBER 8.

Institute Education.

That should be indicated by the rates that are paid for it. If the rates are higher in one place than another, then probably it will go to that place until the want is satisfied. His idea, I believe, was that if we could draw the money away from New York and put it in a reserve association, we would stop the stock exchange and the speculation in stocks. But, gentlemen, under this provision, for the first time in the history of our country, we have placed the business men of the country, who need money for business, ahead of the stock exchange. We have done that by excluding stocks and bonds of all railroads and of all corporations not only from being purchased by this institution but from money being loaned upon them by the institution. Therefore, if this should become a law the business man with his commercial paper can go to the national association and borrow money and the speculator in New York, who wants to support a bull movement in stocks, would have to go somewhere else to get his money.

Gentlemen, unless there is some other question I think I will consider that I have covered those as fairly as I can do, and I just want to say this word in conclusion. One important point that has been referred to by some of the speakers here is that this plan must not get into politics, it must not get into the arena of partisan politics. It has been taken up by the bankers of the United States, through conventions, without regard to politics; it has been taken up by business men's associations. There is no present division among political parties on these lines. On some public questions you cannot escape their getting into politics and there being differences of opinion.

You take the Tariff, you cannot avoid having a division among people on the Tariff. Now let's see why. You take the importers, of all the great cities; they are a very influential body of men. They would like to have all the tariff rates so low they could bring in the goods from abroad without duty. Why? Because the importers can do more business and make more profits. Perfectly natural position on their part. Take the manufacturers; they would like to get the rates so high that nobody would bring in anything. Why? Because then they would make all we need, do all the business and make more money. There are irreconcilable differences that you cannot avoid, but both the manufacturers and importers want the best monetary system that can be devised, upon which they can both do business.

We want you young men, representing all parts of the country, with your activity, your enthusiasm, your already ripe knowledge on these subjects, we want you to take hold actively and help all of the good people in this country who are interested in these things, endeavoring to bring around the best system of currency that we can devise, a system devised not from a political standpoint but from an economic and a scientific standpoint, so that while you young men are still young, this country of ours may have a monetary system commensurate with the greatness and the power of our country.

Mr. Vreeland was given a rising vote of thanks and three cheers, whereupon the convention adjourned until evening.

THURSDAY EVENING, SEPTEMBER 7.

Proposed Constitutional Amendments.

The Thursday evening session was devoted to consideration of proposed constitutional amendments published in the Bulletin. F. W. Ellsworth withdrew his proposition to abolish the Fellowship class, and unlimited discussion was had of the political influence of Fellows and of bank officers. A resolution was finally adopted referring the entire subject of constitutional amendments to the Executive Council with suggestions to confer with individual chapters and instructions to report at the next annual convention.

The Educational Director was honored with the privilege of presiding at the educational session of the convention, and introduced Hon. Lawrence O. Murray as follows: "Our principal speaker this morning stands pre-eminently for everything that we try to represent. He is doing more for the elevation of American banking than any other public officer has ever done. He stands for education in general, and for the American Institute of Banking in particular. He is a gentleman and a scholar and incidentally Comptroller of the Currency."

MR. MURRAY'S ADDRESS.

Mr. Chairman, and members of the American Institute of Banking, this is the second invitation which I have accepted since I have been Comptroller, and I will ask you to infer from that the interest that I have in you as young men who are trying to get up in the great work which you are doing.

When your committee called upon me in Washington to extend an invitation to be here this morning, the chairman was brutally frank. He said "Mr. Comptroller, if you accept the invitation there are three things we want you to avoid. The first is, do not tell us any funny stories, because every man who will be at the convention knows every story that you know, and a lot more besides." (Laughter). "Secondly" he said, "do not talk statistics, because we can get all the statistics we want, and more than anybody ever looks at, out of your annual report." (Laughter). "And third, and most important of all" said the Chairman of the committee, "Don't talk to us about banking, because every delegate to that convention thinks he knows more about banking than you do." (Laughter). I agreed to the three propositions, but remarked incidentally that my field of activity was somewhat narrow.

Seriously, though, the banking of this country in a few years will be largely directed by the young men who are to-day members of this great association, and it is entirely fitting and proper that you should by education and by experience be prepared to meet that great responsibility. Take Germany, with all her banking power, and add to that the banking power of France, and add to that the banking power of England, Ireland and Scotland combined, and the banking power of the United States is greater than it all combined. This great wealth must be conservatively and wisely invested and directed, and in a few years you are the men who are to do it.

In my little home town in this state there was an old man, now dead, who always took a great interest in whatever efforts I made to get on in the world, and every year when I would come home he would ask me how it happened I had a promotion perhaps, and I would explain to him as best I could, but after I had been made Comptroller I met him on the street one day and he didn't wait for me to say anything. He said "I cannot understand why the President should come up here among the hills of Steuben County to get a Comptroller. That is such a big job we fellows around here think he ought to have gone some where else." (Laughter). "Well," I said, "Jack, Comptrollers are not born to the position in this country. My chances were just as good as the other fellows and I had perhaps what some of them did not have, and that is a well-founded hope of getting on in the world." You know a famous promoter once said, when selling watered stock, and an investor asked him what was behind the issue, and he said, "Nothing but a well-founded hope, and a well-founded hope is always subject to high capitalization." (Laughter).

After the Chairman had told me what I must not talk about, I frankly asked the Chairman what I might talk about, and the Committee held a conference and reported back as follows: "This As-

sociation is made up of men who are making a sacrifice to better their positions. They are working to get up. Please say a word of encouragement to the boy who gets up," and that is my subject this morning.

Gentlemen, the first rule that the boy who gets up must follow is, he must know his job. The best sign that I ever saw in my life is over a blacksmith shop in Washington and it reads "Horses Shod by a Horseshoer." The head of that shop knows the horseshoeing business and every man under him knows the horseshoeing business. The result is that if you want to get your horse shod in that shop you have to make an engagement with him several days in advance. And it is so the world over, and the moral you can draw from it is true to-day and it always will be: the man or boy with real ability, the man or boy with skill, in whatever he is doing in life, reaches the upper air, and the boy or man lacking in them, never. The hardest thing to find to-day in this country is a man or boy who will bring results instead of always bringing back plausible excuses.

The next message that I bring this morning to the boy who gets up is that he must be prepared to meet discouragements. Now I will grant you, gentlemen, that it is difficult to be enthusiastic over keeping an individual ledger or over filing checks or keeping tab on transit items, but the thing to do is to look ahead and remember that if the elevator of success is not running the stairs are a little firmer though a good deal slower. (Applause.) If you have in the warp and woof of your make-up the necessary voltage, opportunity is bound to make the contact and you are bound to win. But there are days, and many of them, when you will want to drift idly and lazily and carelessly with the tide because it is easier to do it, and when those days come,—and they come to every man who gets up, as well as to every man who never does, just remember the message that Frank L. Stanton gives to the discouraged:

"If you strike a thorn or rose  
Keep a-going.  
If it hails or if it snows  
Keep a-going.  
'Tain't no use to sit and whine  
If the fish ain't on your line  
Bait your hook and keep a-trying, but,  
Keep a-going.  
If the weather kills your crop  
Keep a-going.  
If you tumble from the top  
Keep a-going.  
Suppose you're out of every dime,  
Gettin' broke ain't any crime.  
Tell the world you're feelin' fine, but  
Keep a-going."  
(Applause.)

The next message I bring to the boy who gets up is that he must be accurate. If there is one single rule which will make for progress and success, if you follow it and will make for failure if you do not follow it, it is the simple rule of two words, be accurate. The man or boy who is habitually careless and slipshod in his business methods, nature simply assumes that he wishes to be a nobody and is bound to grant your prayer. No matter how splendid the qualifications of a young man may be—you may be a genius in this line or that, you may be able to do a piece of work better than the other fellow, you may be able to evolve big ideas that are practical and workable and constructive—but if your superior officer finds that you are habitually inaccurate you may with certainty write the word FAILURE after your name. Never, under any pressure or any circumstances, turn in a piece of work with a statement that "I believe it is right." KNOW it is right or don't turn it in.

And now the message and the last one is the one that is really important and that is: the boy who gets up must get out of ruts. (Applause.) A member of New York Chapter told me one day that

the most dissatisfied lot of clerks in all the City of New York were the bank clerks, and he said the reason was that promotions were slow and salaries low, and I asked him if he knew a single man in any bank in any city who was not being promoted as rapidly as his ability would warrant. I said, "Do you know a single man in your bank of several hundred clerks who is not being given responsibilities just as soon as he is able to shoulder them?" The trouble with the young man of to-day is that he relies not on himself but on some will-o'-the-wisp influence, either social or political, to pull him ahead. Boys, that is a foundation that will fail you in almost every case. The thing to do is to stand squarely on your own ability, and remember that only the live fish get up the stream; and if you do that the influence which you need will grow around about you and you will not have to seek it on the outside. But if you are in a rut, get out of it and be prepared for the position next higher than the one that you have. If I were to write a book on that one question of getting out of ruts I could not say it as well as someone did in a little rhyme which I have had in mind for years but the author I do not know:

The world is full of ruts, my boys,  
Some shallow and some deep,  
And every rut is filled with folks  
As high as they can heap.  
Each one that's growlin' in the dust  
Is growlin' at his fate,  
And wishin' he had got his chance  
Before it was too late.  
They lay the blame on someone else,  
Or say it was lack of luck;  
They never once consider that  
It was caused by lack of pluck.  
But here's the word of one who's live  
Clear through from soup to nuts:  
The Lord don't send no derrick 'round  
To h'ist folks out of ruts." (Applause.)

And now, Boys, just a word in closing, and remember it in the days to come: believe that you will win because you want to and because you feel that you are worthy; love your work and try to do it just a little better than the other fellow: be practical, be sensible but earnest and loyal and, above all, be prepared for better positions and when you become active managers of banks—as I believe every one of you before me will in time—remember that your best reserve and one that will never fail you in any crisis, even though it be national or international, is not the reserve of gold and legal tenders in a certain percentage to your deposits, but it is your reputation in the community where you are as a square, straightforward, conscientious, conservative banker.

Mr. Murray was greeted with enthusiastic and continued applause and cheers, the delegates all rising to their feet.

Mr. MURRAY—I thank you from my heart for this very flattering reception. (More applause.)

THE CHAIRMAN—Gentlemen, if the Institute did not have some deserts we never could have secured the presence of Mr. Murray to-day and been favored with his matchless remarks, because nobody can sell Mr. Murray a gold brick. (Applause.) Your Executive Council has properly emphasized the fact that the Institute study course is the basis of Institute work. But the Institute aims to do bigger and broader things. As a distinguished Rochester banker told us yesterday we should participate in the solution of public questions. In the technicalities of banking, however, the Institute is especially well equipped to do valuable work, and it is a matter of profound satisfaction that Institute qualifications are recognized by the American Bankers Association. The Savings Bank Section recently chose as its Secretary an Institute man in the person of Wm. H. Kniffin, Jr. The Clearing House

Section called mainly upon Institute members to perfect the Numerical Transit System which promises to become universal.

MR. KNOX (Philadelphia)—Mr. Chairman, I would like to have the privilege, on behalf of Philadelphia, of offering the following preamble and resolution:

WHEREAS it is the purpose of the American Institute of Banking to lend its strength and influence to all matters of an educational nature, be it  
RESOLVED that we, the Ninth Convention of the Institute do hereby heartily approve the Universal Numerical System as evolved by the Clearing House Section of the American Bankers Association, and unanimously endorsed by the Executive Body of that organization and recommend that each and every member of the Institute familiarize himself with the details of the plan and use his very best efforts towards putting it into actual operation in the Institute he represents and the community in which he resides.

The resolution was adopted by a unanimous vote.

THE CHAIRMAN—I have always said that I kept out of the politics of this organization. I have, except in one instance, and I got caught, as I probably deserved. (Laughter.) Mr. Wilson, down at Chattanooga, said that I was the instrument that organized the Fellowship class. Mr. MacMichael last night said the same thing. This is circumstantial evidence strong enough to convict, and I am convicted. The speakers last night all took particular pains to say that they had no fault to find with the Fellowship class. I have. They are mighty nice fellows, and all that. There isn't one of them to whom I would not give a hundred dollars, if I had it; and there isn't one of them that would not give me much more, and they all have it (laughter); but they have not in practice in the last few years quite come up to the educational standard of the Institute. As I go around the country preaching education and graduation, the bright young men who are not familiar with the history of the organization say, "You preach this but in practice you don't bestow your honors on the kind of people that you are idealizing." And there is just enough truth in that statement to make it stick a little. During the last six months, however, through the diplomacy of Mr. Downey, over half of the Fellows have buckled right down to hard work and become Institute graduates. As Mr. Downey has said, I believe nearly all the others will. It is hard work for some of them, but they generally appreciate the desirability of setting a good example. In the class thus described is Col. Farnsworth, General Secretary of the American Bankers Association, who will, I trust, favor us with some of his views.

COL. FARNSWORTH'S ADDRESS.

Mr. Chairman, members of the Institute, Ladies and Gentlemen: I appear before this Institute so often and talk at your conventions that I feel probably it is not your desire to hear very much from me. Brother Allen, who always anticipates, has taken from me quite a little I expected to say, so that I will allude only to some of his remarks.

It is quite true, I was honored by being made a Fellow at the first meeting after the Fellowship class was created at Providence. I presume I was so honored because I held a responsible position in the American Bankers Association. I consider it a great honor.

I was very much interested in the controversy at the meeting last night. These night sessions, and these late night sessions, reminded me very strongly

of my first introduction to the American Institute of Banking at Detroit. I knew very little about the Institute at that time, although then a member of the Executive Council of the American Bankers Association, but I knew that I would be called upon to vote for an appropriation for the Institute. I felt it my duty to attend that meeting, and I came from the northern part of the state to be present with you. I have never regretted that action. The Institute at that time, in its deliberations and in the way it handled its business, was beyond my expectation of what any body of young men might do, so I felt very much complimented when I was elected a Fellow.

It is quite true, as Director Allen says, I was invited by the indefatigable Brother Downey to qualify as a Fellow and get a certificate. It was expected that I might send some of the great products of my mind, some talks and addresses on Finance, etc. I have never made great addresses on that subject, but I want to say to you boys that when I do qualify as a Fellow, that I am going to do it just the same as the rest of you. I am going to take that blank and study on it three or four days if necessary, and when I submit it I hope it will be somewhat complete, and I will earn the position I hold. (Applause.) I feel somewhat interested in the subject you are to discuss later and I will not take much of your time to talk, but I believe it would be a great mistake to abandon your Fellowship class entirely. (Applause.)

If you will remember, a large number of these men who are in the Fellowship class were in at the beginning, men who have seen your Institute grow, and men who are perhaps largely responsible for this great organization to-day. I do not think you can afford, in this organization, and I know we cannot afford it in the American Bankers Association to ignore the men who made us and who stood by us. (Applause.) You may say that these men will be interested if cut off from the tie which now binds them to the Institute. That may be true, but you must remember that as the men grow older and as they fill official positions in the banks of the country, a great many of them now being Vice-Presidents, and some soon will be Presidents of banks, they will be engrossed in their business and will not have the time or thought to give to the Institute they have given in their younger days.

I want to say, for the information of Comptroller Murray, that since this Institute was organized seven hundred of the Institute men have been promoted and now hold official positions in banks. (Applause.) These men as they grow older, if there is no tie to bind them to the Institute, naturally will drift away from you. If they are retained as Fellows I think you will hold their interest more securely. I do not mean by that that it should be made easy for the men of the Institute to get into the Fellow class, and I believe that some modifications of your constitution might be advisable.

I believe, as Mr. Allen does, in the educational feature. Make it of some value to your members. Make them feel that it is a real honor to get into the Fellowship class. Let them win that membership. I think that would be the solution of the whole problem, but retain your class of Fellows.

Politics was mentioned last night somewhat. I am a believer in politics. I had a training in politics. When the day comes that the American Institute of Banking has no politics in its organization, that day will mark your doom. (Applause.) I believe in honest politics, and I think there are honest politicians, and I think that the Comptroller will agree with me in that. I told you I had had some experience in politics. For ten years I was Secretary of perhaps the most prominent and successful state Republican organization in the United States, the Michigan Club, and I graduated to a political job in the city of Detroit, an official position which I held six years and a half. I might have held it longer, but a change of administration when a Democratic Mayor came in, and I was down and out, and very glad I was. Because I graduated from a political job to a bank officer. I do not want to appear conceited but I want to tell you a remark that was made to me one day after I was selected as cashier of a bank in Detroit, going up in

the street car on the line taking me to my home, a friend came to me and said "I want to congratulate you on getting a bank position. I do not know that I ever before heard of a politician going into the banking business. I have heard of bankers going into politics, but not the opposite." I told him that was an endorsement of my honest politics.

It gives me a very great deal of pleasure to extend to the American Institute of Banking the greetings of the American Bankers Association. This is the fifth time I have had that honor. I believe it is due to the American Institute of Banking that the American Bankers Association should always be represented at your conventions by one of its Executive officers, and it always gives me much pleasure to be with you.

I want to congratulate you, Mr. President, and the members here, on this magnificent convention, this large attendance, and also on the unusual attention which the delegates have paid to business. We hardly realized in 1900 when the preliminary organization was authorized which brought forth this Institute, what it would eventually be and what it would amount to in importance as an association in eleven years.

I look upon the Institute Section as the most valuable adjunct of the American Bankers Association. We have, as you know, five sections, but with all of our sections I do not believe we have an adjunct or a committee which is so far-reaching in benefits and of general good for the banking fraternity at large as is the American Institute of Banking. (Applause).

I trust that the amalgamation which was made of the "Journal" and the "Bulletin" about a year ago has proved satisfactory. It has been our endeavor to retain in all its fullness your Bulletin, and I believe we have accomplished that. I want to say, however, that owing to the shrewdness of your educational director, he secured the best part of the bargain, as he generally does. I thought when he was playing me for that amalgamation, and when it came to the terms under which we should publish the Bulletin in connection with the Journal that he was pretty shrewd. I anticipated that it would cost the American Bankers Association something extra, and I have realized all my expectations. He got very largely and very decidedly the best part of the bargain. But with that I am entirely satisfied, because as most of you know, I think there is nothing too good or too far-reaching for this organization. (Applause).

I will not take your time to go into the details of the American Bankers Association, except to mention certain phases in which you are directly interested. We have now reached and passed the twelve thousand mark, to be exact we had twelve thousand seventy-five at the end of the fiscal year, August 31st.

Mr. Allen has alluded to the appointment in the Savings Bank Section of the American Association. When a vacancy occurred in the office of Secretary of the Savings Bank Section by the death of the much lamented Wm. Hanhart it was quite natural that the Section should go to the American Institute, New York Chapter, as they did, in the selection of Mr. W. H. Kniffin, Jr., and he has made good. (Applause).

For some time past the Clearing House Section has realized that in the future for the proper care of the work, the Section would have to do, it would be necessary to select a Secretary for that section. I have acted as Secretary of the Clearing House Section since its organization, as a Conference and as a Section. The work recently, owing to the adoption of the numerical system, has increased very largely. The Clearing House Committee has held several meetings, with a view of increasing the usefulness of the Section, and selecting a Secretary. It was again quite natural that this Section should appeal to the Institute, and select from its number a man who would be eminently qualified to fill this important position. You will realize perhaps the work of the Clearing House Section is more closely identified with the inside workings of a bank and its various departments than the other sections. I am pleased to tell you, that last week in New York the Clearing House Section selected as the Secretary of the Sec-

tion Mr. O. Howard Wolfe of Philadelphia. (Applause). He will act as Assistant Secretary until November, when he will be elected as the Secretary of the Section. The officers as well as myself feel that in the selection of Mr. Wolfe we have a man alive to the great possibilities of the work before him.

In regard to the numerical system, I was very much gratified that the Institute gave it unanimous endorsement. This first suggestion of lettering and numbering of checks came to me some five years ago from a cashier in Boston who suggested that a letter and a number be placed upon the checks of the banks of the country. From that suggestion came about the original numbering carried out by the Clearing House Section selecting the twenty-six letters for the twenty-six large cities of the country, and giving Clearing House numbers to the banks. That brought about a discussion of the full subject. Mr. L. W. Poole, of New Orleans, then introduced the batch system in his bank in which numbers were used. It then spread to the State of Texas where a numerical system was devised. Several large banks of the country planned a system of numbers of their own. It was evident that in a very short time the various systems throughout the country would bring about great complications in the transit departments of banks, so a meeting of our Section Committee was called and the matter fully discussed, and as Mr. Allen has told you a committee of Institute men were selected who evolved the plan, and brought out the present numerical system; most of the committee were transit managers of banks and thoroughly competent to work out the plan that has now been placed before you. This proposition was not brought out with a view of cutting off employees in banks, or anything of that sort. I believe you all know that transit departments are about the hardest worked, and clerks very often cannot finish their work until five, or six o'clock at night in the large banks of the country. By this system of utilizing numbers it is known that this work will be very greatly reduced, and it is hoped it will reduce the hours in transit departments. I do not think it is necessary to go into further details because I think you are familiar with the subject. If you will address us in New York we will be glad to send the pamphlet which explains the plan in full.

I want to say that you have been particularly fortunate at this convention in having with you two distinguished gentlemen as speakers. I do not like to pay a compliment to a man to his face and I am sorry Mr. Comptroller has not gone out, because I want him to feel that I am honest in what I say; Comptroller Murray does not know the Institute as I do, I consider it a compliment for him to come here and I know from the warm reception you have given him he will feel more than repaid for his visit to you. (Applause).

I want to say further that the Comptroller has demonstrated to the bankers of the country that he is a broadminded man and that he is thoroughly interested in the welfare of not only the National Banks of the country but the State Banks and the Savings Banks as well, and that he is open to conviction. If he says or does a thing that perhaps he may think at the time is right, and perhaps some of our bankers do not agree with him, he is willing to listen to them at all times. I believe that his record so far has placed him on the highest plane among the Comptrollers that we have had in this country since the establishment of the department. (Applause).

There is no man that I know of who has been talking on the subject of banking and currency legislation and the Aldrich plan who makes so clear an explanation of that plan as Congressman Vreeland. I have attended a great many state conventions—as the Congressman told you. I have heard most of our speakers on that subject, and you were particularly fortunate in having with you Congressman Vreeland who has given years of study to finance. He is a banker and a business man, and not identified with the so-called money interests of New York City. I do not take very much stock in that phrase myself. I only mention it because you hear so much

of Wall Street and the money interests, yet at the same time there are bankers in the country in some of our western States and other parts of the country that seem to think that J. Pierpont Morgan, and Mr. Stillman, and Mr. Rockefeller, and other Standard Oil Magnates, wear horns. If they could see those men and hear them talk, perhaps they might change their minds. At any rate, Congressman Vreeland is clear from all alliances with that company and sincere and honest in his convictions. It is not necessary for me to enlarge upon this subject. You could not have possibly had it better presented than it was presented by Congressman Vreeland yesterday, the subject of Banking and Currency legislation. Last week, before I left home I remarked to Mrs. Farnsworth, "I am going to a convention next week," and she said "Where are you going now?" and I replied "To the Institute," and she said "Those are your boys, aren't they?" I answered "Yes, I think they are," but I think she hardly realized the size of that remark as there are ten thousand three hundred of you, and I think the only question I have to settle now is with Mr. Allen, as to whether he will be the grandfather or the father. I do not anticipate any trouble on that score for we are good friends and work in perfect harmony—the warm reception you have given him he is entirely deserving of—I agree with you.

In closing I want to congratulate the local committee of Rochester on the excellent arrangements they have made for this convention, on the large attendance which I think is a compliment to Rochester, and the excellence of your business sessions, and the entertainment which has been given and will be given in this beautiful city. I think the Institute is to be congratulated on this magnificent meeting and on all the arrangements, and I am sure that this convention will go down into history as the best convention yet held by the Institute. (Applause.)

**THE CHAIRMAN**—As officially announced in the Bulletin and generally known, Joseph Chapman, Jr., who was the original Institute man, offered one hundred dollars which was announced to be used for prize papers and addresses regarding Institute work. The committee in charge voted to use \$50 for the best essay on the subject, and \$30 and \$20 respectively for the best and second best extemporaneous talks to follow. A number of essays have been submitted, and the committee, which consists of Mr. Downey and Mr. MacMichael, have met some difficulties. The announcement was for papers that pertained to practical plans of Institute work and such as met specifications were evidently written from the standpoint of Institute conditions four or five years ago. The rest of the papers have been general in character, some of them scholarly and worth much as treatises on the psychology of education, but not giving a definite plan. One paper, and one of the best, was technically ruled out because not furnished in triplicate in accordance with requirements. Under all the circumstances the committee has decided to not award the prize to any of the essayists and to let the convention proceed with its extemporaneous work. We are therefore ready to hear from anybody on the subject of "Institute Education."

**E. K. SATTERLEE** (New York).—This gathering of younger banking men is truly typical of a great class of similar men who are everywhere, in every nook and corner of the United States, members of the American Institute of Banking, and not members, but among these men are undoubtedly those who some day will be confronted with the great constructive problems which have to be met and conquered. We have always felt, individually and I think collectively in our chapters and in the Institute at large that we were going to be some day looked to as representative Americans. We have been told so at successive conventions, and we now really believe it.

Yesterday some forceful remarks were made on that subject, and our distinguished guest this morning gives us full reason to feel that some day we may be among those who will occupy high places. I do not think that the average young man desires to be coerced in matters of education any more than he desires to be coerced in matters of religion or politics, but I am inclined to believe, and experience has taught me within the last few weeks in the institution which I have the honor to represent here, that the average young man coming into the banking field within the last few years is extremely susceptible to opportunity, such as is offered by the American Institute of Banking, to improve his most valuable asset, his mentality.

It is unquestionably true. I think every one of us individually holds down deep in our hearts the mental picture of some man to-day in a high place whom he would like to emulate. Perhaps we are not free in discussing in the presence of those with whom we associate who that man is, but I feel confident that we have that image. Some of us have a composite of several of these men, showing that we are versatile. We recognize certain elements which we would like to have in our own character. Our work in the chapter brings us quite naturally into the field where we are right on the threshold of that future. Men who come in quite naturally and of their own accord into this field of work will be men from whom those great men of the future will be drawn, undoubtedly. The men who are forced in, the men who are urged in, are probably the men who will fall by the wayside. The growth of this institution within the last ten years I think bears out that theory. Speaking specifically of our own chapter in New York, with upwards of 1,500 members, we have a tremendous element of men whose ages range from 18 to 25 years and it is an inspiration to us who are just a little bit older—perhaps by 10 or 15 years—to see the enthusiasm with which they come in with that idea of achieving that goal. There has been a good deal of agitation lately on the subject of post-graduate courses, which seems to me to have a two-fold merit. It gives an opportunity to men who have done the work required for the Institute certificate to go on further and specialize and become something bigger and more important than the mere passing of examinations for the Institute certificate itself can give. Here is another opportunity for us to push on further and achieve something. We who are at this convention, some are bank officers, have become so through this effort to improve ourselves through the opportunity offered by the Institute, and still others, still clerks—an abhorrent word to most of us, but, nevertheless, clerks—are looking for those chances and some day we are going to get them. We are going to take back from this convention, as we have from previous conventions, the inspiration which has been given us by these distinguished men who have addressed us; not only the inspiration given us by them but by some clerks who have spoken. In hearing such men as Comptroller Murray and Congressman Vreeland we learn something which is truly useful, from matured men; in hearing the youngsters—of which class I am a member—we perhaps learn ninety-nine per cent. less, but nevertheless it is all a little step in the right direction and something for us to take home to our fellow-members of our home chapters who are not here. (Applause.)

**J. A. BRODERICK** (New York)—Institute education is very dear to the hearts of New York men. Our chapter is run on strictly educational lines, and when you consider that we have a membership of 1,500, composed of probably 150 bank officers and the remainder bank men, you can consider it as good work when we say that that entire membership has been built up because we gave the men something to do. I thought possibly it might be interesting to this convention just to get, in a nutshell, the New York idea of educational work. First and foremost we are actuated by two principles: first, we believe that we should know the whyness of everything; second, we believe that every man should know himself. We arrange our programs with the idea of giving everybody something to do along sound, broadminded, progressive, systematic lines, something for the young men and something for the older men. We believe in having systematic courses

in preference to individual lectures, believing that it is a great deal better to get somebody who knows something that we want to know and who also has the ability to tell us what he does know. We tell our lecturers what we want; we require them to follow our ideas. We start with the individual man, believing that the strength in our organization depends upon our ability to develop the individual member. Each year in our program we try to arrange to take one step forward, just a little bit more than the previous year. This year we hope to take our third step in our fifth year course, being in the third year of the five-year policy, laid out by some members of the Institute two or three years ago. We hope in this course to take up advanced work, to start on the first of February, possibly, in which we will make a careful and systematic and thorough study not only of banking but also commercial and business houses. This course we hope to have under the direction at least of a prominent college professor in New York but under the immediate supervision of a committee of three of our own members, three men which are responsible for our present educational policy. To those lectures we will ask only the older men to attend, the bank officers, the Institute certificate holders, and men who have had at least ten years' experience in the banking line. Our idea is to look into the future, gentlemen, and we hope inside of two or three years to make our chapter the center of bank thought, the center of intelligent discussion and the place where the large and big business men of the country can go and explain their ideas before an intelligent audience and the audience will know what they are talking about. (Applause.)

One of the cardinal principles of the American Institute of Banking is the propaganda of sound business and financial principles—to bankers, mind you—and the general public; and, gentlemen, I do not hesitate to say that the bankers need to know these principles. We have many of our bank officials whose intelligence is bounded only by the four walls of their institution, who are not intelligent enough to understand or comprehend the problems which are coming up for discussion every day of the week, and I think a remark Mr. Vreeland made yesterday to the effect that it has been almost impossible to get the bankers to agree upon any plan is due to that one reason. Now, gentlemen, this thing is going to change through the instrumentality of our organization. We start right, we start with the young men. We try to show him that our profession is a dignified profession, that work in a bank is honored work and only drudgery when we make it so. Success comes only from hard work, and the degree of success which any man attains is limited entirely by the amount of effort which he applies into the work to accomplish anything. We never gain anything more out of any movement than we put into it. We take the young man, as we are trying to do in New York, and start with the bank messenger, and try to show him that if he undertakes and intends to get up that it depends entirely upon himself, but we are willing to help him. We try to show him that it is necessary not only for him to know his own work but also to look ahead. We try to show him that he will be a great deal more competent to get along if he studies not only the business of his own office, but banking in general, and encourage him to apply for an Institute certificate, and when he gets that certificate we believe that his work has just started. From that point on we try to get him to take an interest in advance work and join the discussions and try to help the other members who do not possibly know as much as he does himself, and try to get them to read deeply and well, and try to get them to look at the banking problems as they come up in a broad-minded, intelligent fashion and to listen to the views of older heads as to matters of finance, but before accepting their views to analyze their arguments and form their own opinions. If they dissent from those views, we try to get the men to voice their own views based upon their study and experience, and we also try to develop the men as speakers so that they will have the ability to voice their own sentiments whenever necessary.

Can't you see the instrument we have at hand, an instrument in this Institute of Banking, which is bound to be the greatest factor in the development of banking in this country? But we all have to work together to push this work forward. The officers of this Ameri-

can Institute of Banking should at all times strive to conduct the business affairs of the Institute on a strictly educational basis and make the Institute certificate worth while, to raise the standard of the Institute and the importance of the Institute certificate.

The bank officers, you men who have graduated from the ranks, what are you doing for the benefit of the organization? Some say "What can we do?" You can do a great deal by giving the younger men the benefit of your experience and give up a little of your time by starting study courses and lecturing to the younger men. We are trying to do it in New York and expect to be successful.

You Institute certificate holders, you do not know all about banking. Your work has just started. Become interested in chapter work and become interested in essay work and try to give new thought as to the problems of to-day. We are bound to solve the problems, gentlemen: It is right in your own hands. You members and delegates, continue the work that is being done now, but always remember that a healthy organization requires new blood and new ideas, and, gentlemen, if we work together we are bound to be a very important factor in the coming generation in not only raising the dignity of our profession but gaining increased respect on the part of the general public. (Applause.)

MR. BEISER (Cincinnati)—In discussing this question I will take you with me to the clerk in the bank, and review the advantages of the association. Go with me into any financial institution, and show me the man who is a member of the Institute and I will show you a man who has lifted the plane of the bank clerk from a life of monotony and drudgery to a plane of science. Just as it is an inspiration to me personally to come into contact with you gentlemen in the convention, so is this an inspiration to those with whom he comes in contact in his own office. He encourages them to a life of greater cares. It does not require that a man be a genius in order to be educated. It is education that makes a genius. This and this alone is the mystery of a genius. Take music, there is nothing mysterious about a musical genius. If you would investigate and examine you would find out that he practices sometimes eight hours a day, and I take it that some of you bank clerks have had time to develop musical possibilities and have lived a life of sacrifice.

Take a genius on the money question. We had one here yesterday. Mr. Vreeland did not prepare that speech as the result of a few moments inspiration. It took him not a few hours, a few days, a few months or a few years, but it took him days and nights and years of study.

Take the distinguished gentleman who spoke to you this morning, the genius on bank examinations, the man who has brought increased efficiency in the banks throughout the country, the man that has evolved the famous twenty-nine questions, if he were here—the gentleman has gone I believe—I would not embarrass him with the question as to how he attained these results. I could answer for him that it was a life of work, education, perseverance and ambition. As I have said, there is no mystery about this. It is perfectly natural, and for purposes of emphasis—I will come to my subject directly—for purposes of emphasis let me repeat the statement I made a few moments ago that it does not require a genius for an educated man, but rather that education gives us the genius. The same is true in science, literature, art, and in the American Institute of Banking. Education can be acquired by all. It is not for the special benefit of any one. Therefore, gentlemen, let education in the Institute be your key to a life of greater responsibility, ambitions and abilities. This is my idea of Institute education as it occurred to me in the last half hour. (Applause.)

MR. DORRIS (Nashville)—I believe in the American Institute of Banking. I am proud that I am one one-fifteen thousandth part of the Institute, and I consider that the greatest honor I have ever attained. I believe that it offers the greatest opportunity that a young man has ever known. It has meant to me that instead of being a mere cog in the machinery of banking that would wear out one day and later could be taken out of the machinery and the mechanism and cast aside as worthless; it has meant to me that I might some day accomplish something, and amount to

something, and do the service to my country, and to my city, and to my State as a true American citizen should.

I believe that the Institute should be made on honor, and that the honor should be made greater all the while, and that it holds that out to the young men as a thing to strive and look forward to.

As a plan for the accomplishments in the Institute, I believe the best foundation that we could possibly have would be enthusiasm, and upon enthusiasm I would build intelligence, and upon that industry and work, and then I would begin with what we have personally done in our own chapter. The Nashville Chapter has done well. Nashville Chapter has not done as well as she might have done. When we were first organized in 1908, in the middle of January, I do not think the men in the Nashville Chapter really knew what the Institute was. We requested a great many prominent men to make addresses before us, and frequently met with disappointments, they having other and what they thought more important engagements to fill, throughout our engagement and left us without a program, and this made our Institute work rather discouraging.

I am telling you these things, the things we have failed in, so that you might know what we have not done, and how we hope to get over those places that we have had as stumbling blocks.

In the first place, and in 1909, we started on the idea that the young man of the Institute himself was fully and absolutely capable of getting up before an intelligent audience of men and giving an address with as much sense to it as the District Attorney or the Judge of the Circuit Court of the United States, or any other man, and was at the same time developing the man himself, and working on this plan we got a number of excellent programs out through the season. Then following beyond, let me refer here to the educational work. We tried the text-book plan of education with the chapter, and this did not work so well, because the organization did not seem to be going in this the second year, and we secured an instructor and working under him, and with the lectures built on the Institute course as a foundation or a text-book, we succeeded in gaining a membership of about twenty-five members in our class. We had fifteen members in regular attendance and graduated eight in this last season. That shows what we have accomplished that far.

In the next following season we expect to take up the course in banking and finance, and the course in commercial and banking law will be promoted. We have taken another step, appointing a committee in each bank to take hold of the young men to instruct them personally, so that they might be able to prepare these papers in a creditable form to be presented to our chapter.

In the next following season we expect to complete the forward class and the Banking and Finance course, having already completed the Commercial and Banking Law, and after that we do not expect to die a natural death. We are going to push on and try as far as possible to follow out the courses of the Harvard and Columbia University in their business courses representing some subjects in economics and business, and insurance, and in the tariff, and taxation, and in auditing, and in expert accounting, and other things which will be arranged in some systematic order.

I believe that the men of the Institute who have secured to themselves the benefits of this Institute should be not only enthusiastic but they should be most generous, because they have received most generously at the hands of the Institute. Although they may have worked hard to have received what they have, still they are their brother's keeper and should look after their fellow chapter members and not let any discouragements take place in their hearts and in their minds in this work, although little things, and sometimes big things, may come up to make these discouragements.

I believe in a higher education, and in a post-graduate certificate. I believe it is well enough to leave the certificate as it is in the Institute stand, and give a further honor and an additional certificate which might be termed a post-graduate certificate. I do not believe there is any work any man can do which is more honorable, in which he can gain more, and

which has more responsibilities. I believe it is up to you to help your fellows out as well as to help yourself out, and you will not ever lose anything by it. There is no greater patriotism, to my mind, in the world than to take an active part in the American Institute of Banking. (Applause.)

MR. WOLFE (Philadelphia)—It is my thought that this discussion will fall far short of its purpose if one point is not introduced that has not been so far introduced, and that is, the purposes of Institute education. Last night on this platform and again today we have heard much of the honor that has fallen upon 700 of our members by being made bank officers—as if that were the only honor this Institute could offer, as if when they had risen to that plane they had reached the maximum honor they could attain. But, gentlemen, that is not so. Their responsibilities are greater—not necessarily their honor. Let me give you a concrete example: Why is Mr. Downey a valuable member of this Institute? Is it because he is cashier of the Continental Bank of Indianapolis? No; that is not so. It is because he is a brainy, broad-minded man and can talk to us and tell us what he knows. You ask Washington Chapter why Mr. Evans is valuable to it. Is it because he is Assistant Cashier of the Riggs Bank? Not at all. It is because he has realized the possibilities of education and he is giving himself up, to the end that all the boys in Washington may receive education. In other words, the keynote of education is self-sacrifice. You take a soldier and develop him in marksmanship and soldierly qualities. You do not do so that he can better protect himself or make a better target score; you do it that he may make a more valuable man to that army. And that is true of every sort of education, I do not care what kind. And unless you have co-operation you cannot achieve much by education. And we must rid ourselves of this idea that we are trying to educate the man for himself only. It won't do for us to take the bank messenger and try to teach him that he can be cashier by following a certain prescribed line of study. We never may hope to do that. We must tell that man that he can become a more useful man, not only to his bank but to his town and to his community, and by so doing we will raise banking to a profession, as it should be. You must remember, gentlemen, that that education is a slow process, but it is the only certain and sure way, and until we get this idea firmly imbedded into our entire Institute education it will fall far short of what it was intended to do. (Applause.)

MR. BENFIELD (Scranton)—Scranton Chapter is not well equipped for educational work. They did, however, last year receive certificates from 20 per cent. of its membership. In the line of percentage, in proportion to its membership, that probably classes us fairly well with other chapters, and still that is nothing to brag about. What about the other 80 per cent? Now I suppose that the object of this discussion is to get some practical ideas as to how to reach that other 80 per cent. It is not necessary for us to talk to the delegates assembled here on the value of Institute education; we know full well the value of that; we would not be here if we did not. But I think one of the most important things to be impressed upon us here and upon Institute graduates is the responsibility that we owe to those who have not yet taken part in the educational work and to those who are not yet members of the Institute. We are our brother's keeper, as one of the former speakers mentioned, and we owe it to them, as those who have participated and who have realized the advantages of and have benefited by the education, to endeavor, by personal work, to impress upon the others, who perhaps have not realized the importance of getting in, who perhaps are waiting for just the word of encouragement to start them in, I say it devolves upon us and the responsibility lays upon us to do that work. The problem before Scranton Chapter is, what shall our Institute graduates do? Shall we drop all educational work now, since we have taken the courses and received our certificates, or shall we take up something else. We have decided on having an alumni class, in the form of public discussions on public questions, partly a debating class and partly a general class on public discussions, but we have decided that we are to use our influence, to use the best persuasions that we know how to get those who have not yet taken part in the discussions to come into the educational classes, and

we trust that the percentage of 20 will be increased to 50 and more before we are through. (Applause.)

MR. DAVIDSON (Louisville)—I was greatly impressed with the remarks of the gentleman from New York in every respect and I feel that it would be impossible for me to attempt to compete with him. I am not going to do it. I am going to suggest practical plans but they will be in an entirely different line from his because the work that can be done and is being done by the chapter in New York, by the men they have there, could not be used in the city that I come from. The principles would be the same; the plans themselves would not be used; and I believe that the plans that we use in a small chapter, only in existence three years, that they would prove very elementary in New York. This summer we were undecided as to what to do for the coming year and in Indianapolis I asked Mr. Downey to suggest some plans to us and he suggested that I wait until I came here to this meeting and that during this meeting I would receive plans from someone that would be just the thing suited for our chapter. In coming upon the train I met some gentlemen from Knoxville who had just organized a chapter there, and if there is no one else that is here who represents a chapter as small and as young as ours, probably the elementary plans I suggest will be of assistance to those in Knoxville. Now, the gentleman from New York mentioned the fact that the first thing they teach is the reason why. We must know the reason why. And just let me mention one reason for any education. That is simply one principle and only one. In developing the body there are two things that we must do: we must nourish the body and take in food and we must exercise. If we do not do both of those things we are bound to die physically; we must do both. Well, of course, you know you have to spend more time exercising than you do eating. And so the one principle that I believe will apply to every chapter, that is, the nourishment, the mental nourishment. The lectures that we receive, the things that we read, all those things that we take in, if we stop there they won't do us much good. We must use those things; we must get the very same men, the young men as well as the old men, to use those things that they take in, that is, to express themselves about them. And the first plan that I would suggest to the smaller chapters in particular is every lecture that we have, if it is the lectures prepared by the Educational Director, which we had last year, that at the close of every lecture you will select some man and don't give him a chance to get out, make him prepare himself at the next meeting to get up and give some expression of that preceding lecture, that is, force him to keep in his mind the thoughts that were taken in them and then to exercise them, to use them at the next lecture, and they will stay there. Now the talks that we received yesterday from Mr. Vreeland and Mr. Murray this morning and from those you have heard, they have been very impressive and you will probably remember them a long time. But in Louisville and in a great many other chapters we haven't any men that can impress us like those men have, and I know the majority of our lectures last year, the majority of the men who listened to them, they can't remember anything about the majority of them, they can tell you very little about those lectures now, whereas if they had used those things, if they had exercised their minds with those same things, they would know a great deal more about them. Now, Mr. Vreeland yesterday mentioned co-operation and he said it was one of the weakest points of our bank system, the lack of co-operation. Now we must have that in our work, we must have co-operation in our work, in every respect—first, the instructors and the bank officials and the clerks and all must work together. A practical plan along that line that I believe we can use well in Louisville—I am not sure of the other chapters—is to divide the membership up into sections; for instance, a section for individual bookkeepers, another section for paying tellers, another section for receiving tellers, and it will depend upon the size of the chapter as to how many sections would be advisable. I spoke to a young man about coming in our chapter, that is, a bank clerk. "Well," he said, "what do you do?" He said, "You think you can teach me how to subtract better? Can you teach me how to run an individual ledger better and figure interest better?" Well, we don't try to teach that; we suppose that all members

know how to add and subtract; but we have shown men how to do away with, I will say, at least 50 to 60 hours of night work during a month. Now the Louisville Chapter of the American Institute of Banking has shown the individual bookkeepers all over the city how to do that, by using brains in the place of ink and working their fingers. We try to get the men to use their brains in their work. Compare your work and if you can't find a reason for everything, why, don't do it; only do the things that there is a reason for. And we have helped the men and helped the banks. We have helped the banks a great deal in saving supper money and saving the wear and tear of their clerks by getting rid almost entirely of night work in our city. I believe that these sections of the men meeting together in particular work, that is, the individual bookkeepers meeting together, and they have a chairman whose duty it is to find out from other cities, from any place he can get information, to find out improvements in his own work, that they can help that work a great deal. Now in our city we have a great deal of misunderstanding among the tellers; that is, they have different customs; one teller never knows what to expect from another teller and in a great many instances they do not help one another out as much as they should. I believe this getting together in a section as I have mentioned and meeting together and discussing plans for their own work would help them in that way and it might in time result in bringing about a more uniform system among banks in any given city. In New York I was very glad to see—I just noticed it six or eight months ago—that they had offered prizes to the members of the American Institute of Banking for essays, for articles on certain things, and I notice they have done that out West. I wish that all of the young men present here, when they go back, would, if they can, and I wish we could—we are going to try to—get the bankers in our city to do that very same thing. I know of nothing that would make the men and make the boys exercise these things that they have taken in, that is, get them interested in this work, like the offering of prizes. Just a word about debates. We have had trouble in our chapter about debates; we can't get the men to get up and speak; they seem to be afraid. I don't know how on earth I ever got up here unless it was the possible chance of getting a prize. I don't know how on earth I ever got up here. We can't do that at home. We can't get them up. I believe one trouble is that we have taken too large subjects for the debates. I believe it is absolutely necessary that we should have debates in any way we can, make the subjects as simple as can be, offer prizes and do everything we can to make debates, for I know of nothing that will develop the men so much. The New York gentleman spoke about laying a foundation by starting with the young man. We ought to lay a foundation and for the next season we are going to lay a foundation in Louisville and that foundation is a class in public speaking. Probably a good many of you have laid this foundation. We believe that after we have that class in public speaking and after we have gotten almost all of our members so they will not be afraid to get up and express themselves that we will have laid a foundation upon which we can build countless plans—and we have so many plans we can use right now but we haven't the foundation. If we had that foundation we can use a great many more than we have. There is one thing that has been taken too far in some chapters and has been criticized severely—it isn't necessary for me to mention a word about it. I will say, though, that it is absolutely necessary that chapters furnish a certain amount of entertainment or recreation. "All work and no play makes Jack a dull boy." Now that is understood by every teacher in the country. Of course you can't go so far in that principle as to give up studying and give up education for entertainment. Just simply a small amount must be used. Now as to how we will benefit and as to what value we will receive from these plans or any other plans, it depends upon what you will put into them. A man in Louisville said to me about the Commercial Club, said that we must have members; he talked about asking a man to become a member of the Commercial Club. He said, "What will I get out of it?" The other man said, "Just exactly what you put in it." And what you receive, the individual member, the individual chapter receives from these plans

depends entirely on what they put into it; not money; it is the time, it is the earnestness, the enthusiasm, the amount of self-sacrifice that we put into our work, into these plans, upon that depends what we will get out of it. Just a little verse here in conclusion that I want to read:

"There are loyal hearts, there are spirits brave,  
There are souls that are pure and true;  
Then give to the Institute the best you have,  
And the best will come back to you.

Give love, and love to your heart will flow,  
A strength in your utmost need;  
Have faith, and a score of hearts will show  
Their faith in your word and deed.

For life is the mirror of king and slave—  
'Tis just what you are and do;  
Then give to the Institute the best you have,  
And the best will come back to you."  
(Applause.)

MR. THOMPSON (Los Angeles)—In Los Angeles as some of you fellows may know, we have something of a roving population; the men who come to us and to join our chapter are nearly all eastern men; they are bank men who are out there, some of them to see the country, some of them to make it their home and remain and some simply happen there, that is all; so that we have a little different problem from that of some of the eastern chapters in interesting our fellows in Institute work. I will attempt to tell you briefly just how we go at it. About three years ago we attempted our first course; we took up the class in commercial and banking law. At that time we had for a president a man who was both a lawyer and a banker; he was cashier of the Merchants National Bank. He offered to give his time and services to conduct our class, and we felt then that a banker who was also a lawyer would be an ideal man to conduct that course. We went to work and that year I think we turned out about 11. Last year we secured a man who is a trust officer in one of our large trust companies in Los Angeles who was also president of our chapter and he conducted our class in banking and finance. Results were fairly good; we turned out, I guess, about 20 men and about 11 graduates. Now our idea is each year to have a different course. So that with our particular class of fellows, we can't bind them up all the time; they are seeing the country, they are running around here and there, so that we cannot put too much work on the same men. The men who want to study are the men who are going to join those classes. So that we aim to have one course each year. A man taking a course this year will be able next year to take up the next course and in that way obtain his certificate; or, if he should go to another town, why, he will be able to take up the course there; and at the same time he is not trying to do so much work. We do not believe that we can run two courses the same year. Now this year we have made a little different arrangement. We felt that if we could get a man who was used to teaching, who knew how to teach and knew his subject, that we would be nearer the right solution of conducting those courses. So we had the good fortune to have Mr. Allen with us for a while. We arranged a meeting with the dean of our law school in Los Angeles—the University of Southern California conducts a law school. Mr. Allen met Mr. Porter and between them they talked over the Institute ideals, where and what the college had to offer. We have made an arrangement with the University of Southern California whereby our boys will be given an opportunity to take up the study of bills and notes, that is, the course that is provided by the University, and into that course will be forced everything in which our course differs from their regular course. First of all, they are going to lay down a little foundation of contracts. We are going to take up I don't know how many evenings on that, and then they will go right into the subject of bills and notes. Now we have made the course doubly attractive in this way: that our men who complete the course with the University will be given both credit with the American Institute of Banking and will also have completed the work of the University and will be qualified in that respect to go on and secure a uni-

versity degree, if a man becomes so interested in the study of law that he wishes to continue. We feel that it will be doubly attractive for that reason. Last year or the first year we took up the course we had two men who began the study of law. Of course, it is a commonly known fact that a banker does not have to be a lawyer—a banker who becomes an officer of a bank has a counsel to whom he can go; and yet you cannot get away from the fact that a man would be a better banker if he were a lawyer, knew more of the law. So that we feel that we have accomplished something this year in securing that kind of a course. We don't believe that it will cost our members anything except for text-books. Now in the matter of lectures: we hold our lecture meetings once a month, at which time we endeavor to secure some man who is high in public life, either a resident of Los Angeles or a man who is visiting in Southern California whom we may be able to secure—not always to speak on banking subjects, because we feel—at one of our recent meetings we had the former Assistant Secretary of the Treasury to address us, and he also laid emphasis upon the fact that a banker must be a broad-minded man, that he must know more than banking, that he must be up on the subjects of the day that are of most interest to the people. So we endeavor to secure men who not only instruct us in banking, but will also give us food for thought in other lines that will broaden our men. We have these lectures once a month and we feel if we get out a good crowd at that time and are able to conduct our classes and do it right, that we are accomplishing something in the way of education. Now, just from the viewpoint of a country banker; I have the good fortune to work in a country bank. Some of the city men differ, they wouldn't call it a good fortune; but I believe that the man who works in a country bank has a chance to get education which a city man does not get, provided the bank is large enough to take in all the departments of banking. We have the good fortune to have a cashier who is willing to help our men, who is interested in helping our men, who wants to see our men study. And I believe that if the men who take up this course, particularly the banking and business course, will, when they strike something that is particularly interesting, something that they do not just understand the application to their particular bank, if they will go to their cashier and explain that they are taking up this course of study, I believe that he will be willing to explain it to them and they will all get more good out of the course by seeing the actual application of the things that you are trying to learn. Now with our country banks, at least with our Los Angeles banks, we fellows in the surrounding towns there—there are a number of towns there right around Los Angeles—we fellows are able to go to Los Angeles and get the ideas of our Los Angeles men; some of them are a little more up-to-date than the country bankers and some are a little behind us in the improvements. I believe that there is a great deal of education to be obtained in the chapter ourselves in just discussion on system. We could start a row any time we want to, at least anyone can, up in our chapter rooms, by getting up and claiming the statement system is the best system of bookkeeping or pass-book system or whatever system that you happen to be particularly interested in, and those discussions are an education in themselves. We feel that our country bankers are helped by meeting the city men, receive an education from the city men, and that our city men are helped by meeting the country men; and I urge the larger chapters to try to interest the little towns, the small bankers who are around them and who are unable to get the facilities of the Institute, who are unable to conduct courses perhaps because of lack of talent in their particular towns, so that those fellows may be able to come to your city, that they may be able to meet you and that you may be able to meet them and that both may be benefited by the meeting. Thank you for your attention. (Applause.)

MR. COX—Mr. Chairman, may I have the attention of the convention for a moment and not the attention of the judges? There have been one or two incidents in this session that I think are worthy of comment and I wish to offer them, merely in that capacity. The second speaker from New York sounded the keynote of Institute conventions when he said that he had come here to take something back to his home chapter, and that is the idea that has prompted all of

the committees in all the arrangements for this occasion. There have been one or two remarks made which I would like to qualify before they are taken back to their home chapters. In the beginning of the session there was one incident with which I was particularly pleased—the fact that there were no prizes awarded for the essays. It has been deemed necessary in Institute and chapter life that the ability and productions of chapter members could only be brought out through the offering of financial prizes and I think it has been thoroughly demonstrated at this convention that the prizes were the incidental features. The big point that I want to emphasize in the educational work is in connection with the remark of Mr. Wolfe, of Philadelphia, when he spoke of the honors to be derived from Institute education in the capacity of bank officers. The thing that should inspire all Institute work is the fact that a man's first duty to himself and his State is to increase his own economic value and then everything else will follow. If he goes into Institute work with that principle he will become a bank officer and it will be incidental. And that is the thought that the delegates to this convention should take back to their respective chapters and impress it upon the life of their organizations—that the inspiration, the motive for every effort must be the man's own self-satisfaction that he is a better and a more productive man.

**THE CHAIRMAN**—I want to apologize to a number of men that I have not been able to recognize, particularly San Francisco and Boston Chapters and some gentlemen from New York. It is late and we must quit. You are at liberty to continue this discussion in the Bulletin. The Chaptergrams afford abundant opportunity and you are at liberty to contribute all the papers that you like for the editorial department. I want to say one thing, however, which is that the creation of the world is described in Genesis in six hundred words, and only more important matters deserve greater elaboration.

The convention adjourned until 2 o'clock p. m.

#### FRIDAY AFTERNOON SEPTEMBER 8th.

##### Cost Accounting.

The Friday afternoon session at which Vice-President Humes presided was devoted to a discussion on "Cost Accounting." In view of the exceptional merit of the ideas presented, some of which are of permanent character, the report of the session will be revised and published as a special article in the December Bulletin.

#### FRIDAY EVENING, SEPTEMBER 8.

##### Informal Reception.

Friday evening was devoted to an informal reception for the ladies and a smoker and songfest for the lords of creation. Both were rare in every sense of the word—neither overdone nor underdone—and demonstrated the refined hospitality of Rochester, which had been proverbial since the days of Red Jacket, the historic chief of the Seneca Indians. This is as good a place as any to also refer to the delightful rides around the city and to the trip Saturday afternoon to Sonnenberg, which will ever be delightful memories to the delegates and visiting ladies.

#### SATURDAY MORNING, SEPTEMBER 9.

##### Closing Session.

The closing session Saturday was made memorable by the address of James G. Cannon, President of the Fourth National Bank of New York, who has ever

been to the Institute a firm friend and an analytical critic. In introducing Mr. Cannon President Mac-Michael said: "We have with us this morning a banker who has come up from the ranks to the highest position in one of the largest national banks in New York City. He introduced at the Richmond Convention of the American Bankers Association eleven years ago the resolution which brought the American Institute of Banking into existence. (Applause.) Since that time he has been a staunch friend of the Institute, and it is with peculiar pleasure that I introduce to you James G. Cannon, President of the Fourth National Bank of New York." (Prolonged applause.)

#### MR. CANNON'S ADDRESS.

Mr. Chairman, and gentlemen of the convention: I first want to congratulate you upon this splendid turnout of men from all over this country to attend this convention, and I also want to congratulate you on the convention itself. Since I have arrived here this morning I have heard nothing but praise for all the sessions of the convention, for everything that has been done here and the way you have done it, and I want to present my hearty congratulations upon the way this convention has been handled and upon what you have accomplished so far.

My interest in the welfare of the American Institute of Banking is of long standing, and the splendid development it has enjoyed has been a great satisfaction to me. The spread of its influence is plainly noticeable, and its teachings have not only materially benefited the individual, but contributed in no small measure toward setting a higher standard in the banking profession. I am a thorough believer in organizations of this type. United effort is a shortcut of modern days. In the work of the Institute you are building men; you are molding character; you are supplying an atmosphere which, let us hope, will never fail to respond to the drafts made upon it.

The organization of the present body and the drafting of its constitution was finished in my office in the Fourth National Bank, in the spring of 1901, and I had the honor of being elected its first treasurer and a member of its Board of Trustees. On July 1, 1901, after serving only a few months of his term, Mr. Cornwall, the first President, retired, and on August 12, 1901, I succeeded him. This is a brief outline of my official connection with you, and, as an old officer, and as one of your friends, it therefore gives me great pleasure to be present and to address you on this occasion.

I was delighted when informed that this convention was to be held in Rochester, for no one can visit this beautiful city in the Genesee valley, almost without hearing distance of the waves of Ontario, without being deeply impressed by its broad avenues, handsome residences and stately business and municipal buildings. Its great waterpower, its busy manufacturing establishments, its numerous industries, all contribute to make it one of the most substantial, as well as one of the most attractive, cities of this great Empire State. Rochester is justly celebrated for her stable and conservative financial institutions, directed by men of broad views and a spirit of progressiveness, and this has contributed much toward the city's general prosperity. This same spirit of progressiveness is plainly evident in the younger banking element, as is shown by their active campaign to secure this convention for their city.

The Institute's value to bankers is not yet fully appreciated. The great need to-day is for all-around bank employees; men who can be advanced to higher offices. Banking is being highly specialized, and the growth in many banks has, to all practical purposes, brought them to "departmentize." Men are wanted who can realize the importance of each department and grasp the machinery of the whole bank; who can fit themselves into the intricate work with a knowledge of the whole. The banking world of to-day is not getting as good material as was the case several years ago, simply because many bright, active men seeking positions, feel that there is less chance of advance-

ment in the profession than formerly. While consolidation and concentration continue, bank employees do not feel as strong and sure in their positions as formerly, and we are losing many valuable men from our ranks.

I see in the Institute great possibilities for young men. Those who enter upon its work can, by proper application and attention, attain a knowledge of banking as a whole which they cannot obtain as "depart-



WM. H. FARR.

ment' men, and also secure a surer footing, which enables them to maintain and control good positions, no matter what may occur in the way of consolidation or otherwise. I believe the day is not far distant when bank officers will ask a candidate for a position to show his credentials as a member of the Institute of Banking. To that end the work of the Institute must continue essentially practical in every department. What I mean by "practical" is that it must better fit men for the actual things they have to do, rather than be theorizing on things remotely related to the work. The theory of banking as written is one thing, but the actual working of a bank, from day to day, with all the problems to be solved, is quite another thing. It is proficiency that is wanted by bank officers, and the Institute, through its classes and lectures, can make men more proficient and, with a higher degree of proficiency, they can earn larger salaries and increase their prospect of promotion. When the Institute, through its various workings, reaches the point where by its aid it enables a man to increase his pay, you have certainly solved the problem of its success.

The volume of business is continually growing larger in this country. The buying and selling of commodities, the transaction of all kinds of business, naturally becomes greater; and there is no line of business to-day needing trained experts more than banking; men who can run departments on what is called the "new efficiency basis"; who by care and study can develop each separate department to his highest service at a minimum of expense.

Financial institutions are endeavoring to give their depositors better and better service. They are enlarging their sphere of activities and doing things which twenty-five years ago were never considered as relating to the banking business. This is being done

at a higher expense-ratio, and it has now become a study on the part of the bank officers how to give the best service at a minimum of expense.

As time goes on and financial institutions multiply, competition will become keener. The important question of interest on deposits will force itself to the front, and this will bring up the question of how to offset interest payments and still handle business with maximum efficiency and minimum expense; and every good bank officer has this constantly in his mind. This is why we are all turning to labor-saving devices, and we must now give equal attention to the efficiency of service of our employees. The machinery of a bank must move with as little lost motion as possible; that is why we insist upon punctuality, strict attention to duty, and have extra men at hand so that employees will not be overworked and the service to depositors delayed.

These and many other questions of like character are receiving the attention of bank officers. If the Institute in its work can answer some of these problems, it will receive the support and commendation of the entire banking fraternity, and there will be a hearty response to its calls for enlarged facilities.

This demand for efficiency of service is a great boon to the progressive bank employee, because it affords the opportunity to develop his powers of observation and to study closely the requirements of modern banking. No matter in what department of a bank a man is placed, be he messenger or president, he can develop these powers and make a careful study of the institution with which he is connected, and by attending the meetings of the Institute he can familiarize himself with the methods of other institutions, thus fitting himself for a better position.



WM. M. ROSENDALE.

I am heartily in favor of a plan which has been introduced into some banking institutions; namely, the offering of prizes for the best suggestions in reference to the interior working of the bank. In the Fourth National Bank we have posted the following:

"The Fourth National Bank offers four prizes: \$50, \$25, \$15 and \$10, payable December, 1911, for the best four original suggestions, the adoption of which will result in the improvement of the service, economy of administration, or general advance of the business. All suggestions must be submitted in writing not later

than November 1, 1911. This is an opportunity for everyone connected with the bank to show their individual interest in its welfare. James G. Cannon, President."

I feel that if bank officers generally would foster a spirit of helpful suggestion from their employees they would save money, and, at the same time, would handle the work in the interior of the bank, as well as their dealings with the public, with a great deal more ease and satisfaction.

This leads me to another matter which I feel should be taken up by every chapter of the Institute of Banking. I am in favor of the appointment of a "Confidential Committee," composed of from three to five of the best and most level-headed men in each chapter, to whom any member out of a position may make his wants known, and to whom bank officers may apply when they are in need of efficient men. I believe this is done in some chapters, but I would go one step further and permit this committee to receive applications from members of the chapter, who, for good and sufficient reasons, desire to make a change in position. I believe such a committee would be welcomed by progressive bank officers, and I am sure it would be of great service to the members, who could feel that some one had their interests at heart.

I would also like to see a committee appointed to educate men in simple hygienic methods. No man can succeed in business who neglects his physical welfare; and in this day of business competition, there is no place for dull, stupid and listless men; men whose torpid livers make them cross, cranky and crabbed, and whose late nights give them sleepy days in which they make errors, retarding the work of the whole bank; nor to the cigarette fiend, whose yellow fingers and

the various chapters for discussion, the question of banks supplying lunches for their employees, which is now being done more and more. All of these things make for efficient service.

Before closing I want to sound a note of warning in connection with the work of the Institute, and that is in reference to its politics. There seems to be a feeling on the part of a good many bank officers, and



RAYMOND B. COX.

a good many young men connected with the Institute, that the politics of the Institute are taking up too much time, and that there is more strife in that connection than in any other. From my intimate knowledge of many years standing with organizations of this character, the minute politics begin to enter into deliberations of conventions of this character, just that minute their usefulness will cease; and I want to warn you young men that if these conventions simply degenerate into strife for position and office, you will not accomplish the work for which the Institute was intended, and that you will not receive the respect and consideration of the bankers of the country which you deserve.

I am just old-fashioned enough to believe that the officers of an association of this character should seek the man and not the man the office, and in the estimation of many of the bankers of this country, which might be called the parent organization of the Institute, the American Bankers Association has altogether too much politics in it, and the time of the delegates at their conventions has been taken up entirely too much in the past in fixing up political fences rather than doing real business, and I hope as the Institute grows you will eliminate from it all of these extraneous matters.

In closing I thank you for your kindly interest and attention, and hope what I have said may be of some service to the work of the Institute. (Prolonged applause.)

MR. BIRD—I move you, Mr. President, that the address of Mr. Cannon be printed by the Educational Director for distribution among the chapters. Seconded and carried by a unanimous vote.

MR. SAUCIER—I move that a vote of thanks be extended to Mr. Cannon for his address this morning, and also to Mr. Vreeland and Mr. Murray. Seconded and carried by unanimous rising vote.

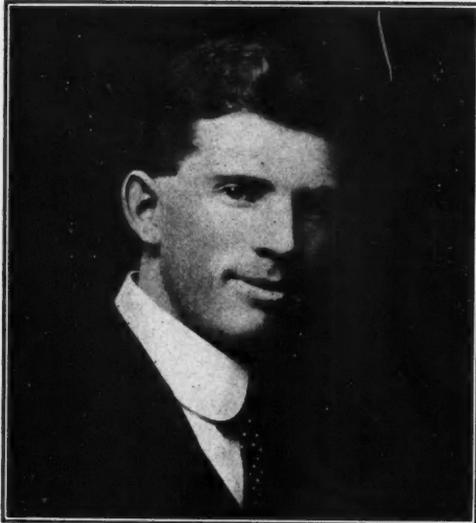


CARROLL PIERCE.

dull eyes show that his brain is not working to its highest efficiency. A committee in each chapter could do much toward pointing out a few things, not an elaborate number, to the men so they could protect themselves. To do good work, every man must recognize that he must put up certain barriers around himself. No one can do it for him, but if the Institute can, by simple methods, point out what some of these barriers are, it will do much for its membership.

I would also have this committee bring before

MR. CERINI—I would like your attention for a few minutes. I have attended these conventions for several years, and having taken much of what I consider to be the courtesies extended by the Transportation Committee, I am here to-day to present a slight grievance. Many complaints have been made against the chairman of the transportation committee. These complaints, however, ladies and gentlemen, have been



J. W. BRADLEY.

of such a very pleasing and complimentary manner to the chairman of the transportation committee that on behalf of the friends and delegates I wish to thank and congratulate the chairman of that transportation committee upon the successful manner in which he has so carefully carried out these affairs for the past four years, and appreciating, as we do his untiring efforts, the time he has devoted to this work, and the many sacrifices that he has made in looking out and caring for our comforts and our welfare, I wish on behalf of his friends and delegates of the American Institute of Banking to present to Mr. Jackson this small token of our appreciation. (Applause.)

Mr. Cerini presented to Mr. Jackson a Masonic emblem ring.

MR. JACKSON—Gentlemen, I thank you. Whatever I have done has been a great pleasure to me. I thank you very heartily. (Applause.)

THE PRESIDENT—Mr. Cannon in his address struck many keynotes. One thing that he told us was of the way which he instituted of interesting the heads of some of New York's large banks in taking an interest in the Institute, and in encouraging their men to become members of the chapter. I just want to make an announcement at this time of the receipt of information from New York that two chapter members have moved up in a particular bank—owing to the work that Mr. Cannon instituted and the follow-up work of the Committee—the membership in the chapter increased three hundred per cent. during the past

year—and I refer to the Guaranty Trust Company. Mr. Pratt, who has been Assistant Secretary, has been made Vice-President, and Mr. Cox, who has been Chief Clerk, has been made Assistant Secretary. Both of these men are active chapter men. (Applause.)

I want to announce the award of the judges in the extemporaneous speaking yesterday morning. I do not know whether it is necessary to say in what manner the judges arrived at their decision, but perhaps for your information it would be well to state that they took a number of things into consideration, and among them were the subject matter presented and the manner in which it was presented, giving of course greater weight to the subject matter as they believed the rules of the contest regulated it. It was their idea that the purpose for which the prize was offered was to get ideas for a policy of future work, and great weight was given to the ideas that were suggested along that line. With this in view, they awarded the first prize to Mr. Dorris, of Nashville. (Applause.) The second prize was awarded to Mr. Broderick, of New York. (Applause.)

MR. DOWNEY—Mr. Chairman, right in that connection it occurs to me that mention might be made of some further consideration that the judges have given to the question of prize essays. We have done some



B. O. HILL.

pretty intense work in this convention along educational lines, and have labored long and faithfully, and the time is drawing to its end, as far as the convention is concerned, and there are matters of business to attend to, the election of officers and such, and the atmosphere is rather tense in some directions along

political lines, and no doubt you want to get to it at once. I will make my statement very brief. Announcement was made yesterday morning concerning the prize essays, and the reason of the judges for not appropriating the money to any one of the essayists on account of the lack, to the minds of the judges, of the apparent conception as to what was intended by the donor in the subject presented. We have given additional consideration to the various papers, and among those papers we find one of such scholarly merit, and prepared so evidently as the result of hours, and weeks and months of careful study, a masterpiece in its line as a work of literary merit, that it has occurred to Mr. MacMichael and myself that honorable mention should be made of this paper and that it should take its place as one of the choice products of Institute work. We have not changed our decision as to the monetary consideration, because we believe we are right in that respect. I do not know who the author of this paper is. I am going to ask Mr. Allen to announce the name of the writer under the name of "Williams."

MR. ALLEN—This is Mr. Kniffin of New York. (Applause.)

A communication was read from P. C. Kauffman, Secretary of the Washington State Bankers Associa-



F. A. CRANDALL.

tion explaining the system of prizes offered to members of the Institute in that State, the details of which have been published in the Bulletin. The communication was received with demonstrations of approval.

The following letter from an Institute favorite was cordially applauded:

Greetings and congratulations to the boys. My thoughts are in Rochester this week, and I want you to know I would be with you were it possible. I cherish among my most pleasant memories the conventions of the past three years and the friendships made there are deeply prized. Tell the boys I am on



F. L. UNDERWOOD.

the up-grade and am looking forward to meeting them next year at Salt Lake.—G. K. Barrere.

#### RESOLUTIONS.

E. J. Morris, Chairman of the Committee on Resolutions, presented and read the report of the Committee, which report is as follows:

Whereas, The Ninth Annual Convention of the American Institute of Banking in session in Rochester, N. Y., September 7, 8 and 9, 1911, is unanimously conceded to be one of pronounced success and enthusiasm, due to the efforts of all those who have contributed thereto by interest and assistance in various forms; be it therefore

Resolved, That the cordial and hearty thanks of this body be hereby recorded and expressed to Rochester Chapter of the American Institute of Banking, to the City of Rochester, and to the financial institutions of the city for the efforts they have put forth to insure the success of this convention, and to the press of the city; and be it further

Resolved, That we hereby record our appreciation and extend our sincere thanks to the Hon. Edward B. Vreeland, to the Hon. Lawrence O. Murray and to Mr. James G. Cannon, for their highly instructive and able addresses; and be it further

Resolved, That the recognition by the American Bankers Association of the capacity and ability of W. H. Kniffin, Jr., of New York Chapter, in his selection as Secretary of the Savings Bank Section of that Association, and of O. Howard Wolfe, of Philadelphia Chapter, as Secretary of the Clearing House Section, is appreciated by this convention, and our thanks are

hereby extended to that body for selecting its junior officials from the membership of the American Institute of Banking; be it further

Resolved, That the thanks of the delegates be extended to the executive officers for the capable and efficient conduct of the several meetings of this convention, and for their efficient management during the year of the affairs of the Institute.

Signed, Resolutions Committee—E. J. Morris, Chairman; Herbert E. Stone, Wm. A. Day.

VICE-PRESIDENT HUMES—I move that that report be adopted and the Committee thanked. The motion was duly seconded and carried by unanimous vote.

CREDENTIALS.

Chairman Hazlewood of the Committee on Credentials presented the following report, which was adopted:

Chapter.	Membership.	Votes.
Atlanta .....	47	3
Augusta .....	23	2
Dues not paid and credentials not submitted.		
Baltimore .....	604	26
Bangor .....	34	3
Credentials not submitted.		
Boston .....	304	14
Buffalo .....	26	3
Chatanooga .....	70	4
Chicago .....	660	28
Cincinnati .....	123	6
Cleveland .....	207	10
Denver .....	154	8
Detroit .....	137	7
Dallas .....	65	4
Credentials not submitted.		
Duluth .....	48	3
Eau Claire .....	19	2
Ft. Worth, Tex. ....	74	5
Ft. Smith .....	29	3
Ft. Wayne .....	41	3
Hartford .....	159	8
Havana .....	87	5
Helena .....	23	2
Credentials not submitted.		
Houston .....	95	5
Dues not paid, credentials not submitted.		
Indianapolis .....	9	2
Kansas City .....	159	8
Knoxville .....	53	4
Los Angeles .....	346	15
Louisville .....	46	3
Macon .....	32	3
Dues not paid, credentials not submitted.		
Memphis .....	58	4
Milwaukee .....	295	13
Minneapolis .....	203	10
Mobile .....	51	4
Nashville .....	64	4
New Orleans .....	206	10
New York .....	1,513	62
Oakland .....	126	7
Omaha .....	24	2
Credentials not submitted.		
Oshkosh .....	20	2
Credentials not submitted.		
Owensboro .....	21	2
Credentials not submitted.		
Pittsburgh .....	830	35
Phoenix .....	3	2
Credentials not submitted.		
Philadelphia .....	552	24
Portland, Ore. ....	189	9
Portland, Me. ....	59	4
Providence .....	194	9
Richmond .....	119	6
Reno .....	24	2
Credentials not submitted.		
Rochester .....	85	5
Salt Lake City .....	96	5
San Francisco .....	386	17

Savannah .....	106	6
Scranton .....	83	5
Seattle .....	182	9
Shreveport .....	38	3
Credentials not submitted, dues not paid.		
Spokane .....	124	6
St. Louis .....	256	12
St. Paul .....	203	10
Springfield .....	95	5
Tacoma .....	40	3
Terre Haute .....	51	4
Toledo .....	71	4
Washington .....	305	14

The total number of votes, not counting exceptions, would then be 508. Counting the exceptions which I have, which number 32, the exceptions due to dues not being paid or credentials not being submitted, we have a net voting strength in the convention of 476.

(Signed) C. B. Hazlewood, Chairman, W. A. Wilkinson, R. S. Mooney.

ELECTION.

The convention then proceeded to the election of officers. Messrs. Grut of Chicago, Ensell of New York and Thomson of Los Angeles were appointed tellers, and in view of the fact that Secretary Marston was one of the candidates the duty of calling the roll was delegated to the Educational Director.

On motion of Mr. Lyons, of Cincinnati, nominating speeches were limited to three minutes and no seconding speeches permitted.

For the office of President Mr. Humes nominated Raymond B. Cox, of Baltimore, and Mr. Cerini nominated Byron W. Moser, of St. Louis. Mr. Norris of Seattle, seconded the nomination of Mr. Cox and Mr. Ball, of St. Louis, seconded the nomination of Mr. Moser. On roll-call by chapters Mr. Cox received 287 votes and Mr. Moser 189. On motion of Mr. Moser the election of Mr. Cox as President of the Institute was made unanimous.

On motions duly made and seconded the Secretary cast the unanimous vote of the convention for J. W. Bradley of Spokane, as Vice-President; Andrew C. Dorris, of Nashville, as Secretary, and C. S. Diether, of St. Paul, as Treasurer.

The convention then proceeded to the election of two members of the Executive Council. Mr. Dreher, of Milwaukee, nominated Wm. H. Farr, of Detroit; Mr. Evans, of Washington, nominated B. O. Hill, of Pittsburgh, and Mr. Havens, of Providence, nominated Charles H. Marston, of Boston. The foregoing nominations were duly seconded and on roll-call of chapters Mr. Farr received 270 votes, Mr. Hill 417 votes and Mr. Marston 234 votes. Messrs. Farr and Hill were accordingly declared elected.

Charles Mabe, of the Salt Lake City Chapter, extended an invitation to the convention to hold its 1912 session in Salt Lake City, supplementing his personal invitation with the reading of a letter of invitation from the Governor of Utah, also one from the Secretary of the Commercial Club, and one from the Mayor of Salt Lake City.

MR. DOWNEY—In view of the fact that there is but one invitation, and there are principles involved in connection with the entertainment of the Institute over which the Executive Council feels that they should have some supervision, I would move you, Mr.

Chairman, that the selection of the convention city, in accordance with the provision in the constitution of the American Institute of Banking, be left with the Council. The motion was seconded by Mr. Humes and adopted.

On motion of Mr. Small, of Chicago, the convention recommended to the Executive Council that the next convention be held in Salt Lake City.

The Ninth Annual Convention of the American Institute of Banking, the most successful in the history of the organization, then adjourned sine die.

#### SATURDAY AFTERNOON, SEPTEMBER 9.

##### Executive Council Meeting.

Pursuant to constitutional provision, a meeting of the Executive Council of the American Institute of Banking was held Saturday afternoon at three o'clock.

Mr. Downey reported that the Fellows had elected as members of the Executive Council Messrs. F. A.

Crandall, of Chicago, and Wm. M. Rosendale, of New York.

On motions duly made and seconded Carroll Pierce, of Washington Chapter, who is a resident of Alexandria, Va., was elected Chairman of the Council, and F. L. Underwood, of Chattanooga, Vice-Chairman of the Council.

On motion duly made and seconded it was voted to be the sense of the Executive Council that in the election of Fellows hereafter, special consideration should be given to Institute graduates.

On motion of Mr. Cerini, duly seconded, Salt Lake City was selected as the place for holding the next annual convention, with the understanding that entertainment features should be subject to the approval of the Program Committee. The delegates from Salt Lake City, who were present by invitation, acceded to the terms of this resolution.

On motion of Mr. Evans, duly seconded, it was voted that no liquors should be served at any banquet or luncheon hereafter served in connection with any Institute convention.

#### INSTITUTE CONSTITUTION.

##### Text of the Document Which Many Want to Amend.

Article I. The American Institute of Banking Section of the American Bankers Association is devoted to the education of bankers in "Banking and Finance" and "Commercial and Banking Law," and the establishment and maintenance of a recognized standard of banking and financial education by means of official examinations and the issuance of certificates. Holders of such certificates shall be known as Institute alumni.

Article II. Members of the Institute shall consist of duly authorized Chapters whose individual members shall pay to the Institute, through their respective Chapter treasuries, annual dues of seventy-five cents, of which sum fifty cents shall be for subscription to the official publication and twenty-five cents for general Institute expenses.

Article III. Associate Members of the Institute shall consist of institutions which are members of the American Bankers Association. For each associate member of the Institute thus constituted the Institute will accept from the American Bankers Association annual dues of seventy-five cents, payable in monthly instalments.

Article IV. Fellows of the Institute shall consist of Fellows already constituted and such others as the Executive Council of the Institute may elect, not exceeding twenty-five annually, subject to the following qualifications: (a) Bank officers who are interested in the work of the Institute; (b) Chapter members who have been officers or members of the Executive Council of the Institute; (c) Ex-Presidents of Chapters in good standing; (d) and such Chapter members as have passed the prescribed examinations of the Institute. Fellows shall pay to the Institute annual dues of two dollars.

Article V. The Institute shall hold an annual convention at such time and place as may from year to year be determined, in which convention each Chap-

ter shall be represented by delegates on the basis of one delegate for each twenty-five members or fraction thereof, and one delegate-at-large, based upon the records of Chapter membership in the general office of the Institute thirty days before such annual convention. Alumni employed in banks located over thirty miles from any Chapter city and not members of any Chapter may be delegates at any annual convention upon personal attendance, provided that no two such delegates shall be identified with any one bank or other financial institution.

Article VI. The elective officers of the Institute shall be a President, Vice-President, Secretary, and Treasurer, who shall be elected by the Institute in convention from Chapter members who are not bank officers, and no incumbent of either of such offices shall be eligible to consecutive re-election to the same office. Officers of the Institute thus elected shall serve for terms of one year each, or until their successors are elected and qualified.

Article VII. Section 1. The government of the Institute shall be vested in an Executive Council of fifteen members: (1) The President and Vice-President ex-officio; (2) seven members elected by the Chapters in convention from Chapter members not bank officers, so classified that the terms of two shall expire at the end of one year, three whose terms shall expire at the end of two years, two whose terms shall expire at the end of three years, and their successors to be elected annually thereafter, for a term of three years; (3) six members elected by the Fellows, so classified that two may be elected annually for three years. Present members of the Council shall continue in office for the respective terms for which they have been elected. Members of the Council shall not be eligible to consecutive re-election, Section 2. The Executive Council shall meet immediately upon the adjournment of the annual convention of the Institute, and, a quorum being present, elect one of their number chairman, who must be duly qualified to represent the Institute before the American Bankers Association. The Executive Council shall also appoint

an Educational Director and such other employees as may in its judgment be necessary, to serve during its pleasure; and transact such other business as may come before it. At other times the Executive Council may transact business by mail. The annual meeting of the Executive Council shall be held at least one day prior to the annual convention of the Institute. Eight members of the Executive Council shall constitute a quorum.

Article VIII. Subject to the approval of the American Bankers Association, this constitution may be amended at any annual convention by a two-thirds vote, provided that notice of any proposed amendment shall have been submitted to the secretary of the Institute at least thirty days before the annual convention, published in the official publication of the Institute and submitted to the Executive Council of the Institute for report by said Council to the convention under the regular order of business.

#### EDITORIAL SCHEDULE.

Copy for "Chaptergrams" should reach the editor of the Bulletin not later than the 27th of the month preceding publication. Two or three days earlier would be a convenience.

#### FELLOWS BECOMING GRADUATES.

**M**ANY of the Institute Fellowship Class have recently become graduates by passing the standard examinations. Why not make it unanimous?

#### CORRESPONDENCE INSTRUCTION.

Special efforts will be made to extend the correspondence instruction of the Institute during the coming year. In the correspondence method of instruction, the exercises provided in connection with each lesson are to be submitted to instructors whenever done. The work of students thus produced is corrected and returned with such criticisms and suggestions as may be helpful in each case. Average students get little benefit from books alone. What most of them need is a teacher to direct them and to encourage them and to drive them. The usefulness of a teacher is not so much to impart specific information as to stimulate the ambition and interest of students and to systematize and verify their work. The correspondence method of study lacks the inspiration of social contact, but the personal relationship established between students and instructors stimulates ambition, and the fact that all lessons must be written insures thoroughness and thought. Specimen lessons will be sent on application to the American Institute of Banking, 11 Pine street, New York City.

#### WHAT SUCCEEDS.

Every educational chapter is a success.—Every other kind of chapter is otherwise.

#### LITTLE ROCK.

Little Rock, Arkansas, is again in the Institute fold with a Chapter of forty-six members, who will at once begin the regular study course.

