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No. 8.

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

<p><b>PRESIDENT:</b> WILLIAM LIVINGSTONE, Pres. Dime Sav. Bank, Detroit, Mich.</p> <p><b>FIRST VICE-PRESIDENT:</b> CHARLES H. HUTTIG, Pres. Third Nat. Bank, St. Louis, Mo.</p> <p><b>CHAIRMAN EXECUTIVE COUNCIL:</b> ARTHUR REYNOLDS, Pres. Des Moines Nat. Bank, Des Moines, Ia.</p> <p><b>GENERAL SECRETARY:</b> FRED. E. FARNSWORTH, Eleven Pine Street, New York City.</p>	<p><b>TREASURER:</b> J. FLETCHER FARRELL, V-Pres., Ft. Dearborn Nat. Bk., Chicago.</p> <p><b>ASSISTANT SECRETARY:</b> WILLIAM G. FITZWILSON, Eleven Pine Street, New York City.</p> <p><b>GENERAL COUNSEL:</b> THOMAS B. PATON, Eleven Pine Street, New York City.</p> <p><b>MANAGER PROTECTIVE DEPARTMENT:</b> L. W. GAMMON, Eleven Pine Street, New York City.</p>
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**COMMITTEES OF THE ASSOCIATION 1911-1912.**

THE New Orleans Convention in November, 1911, decided that the next Convention of this Association would be held in Detroit on a date to be agreed upon by the Administrative Committee and the bankers of Detroit. The Convention probably will be held late in August or early in September.

The Administrative Committee at a recent meeting held in New York City, in accordance with the power conferred by the Constitution, reappointed or appointed the following committees:

The Currency Commission stands as heretofore, with the exception of a change in the Federal Legislative Committee, the latter Committee being embodied in the Currency Commission. Arthur Reynolds, who is now Chairman of the Executive Council, has resigned as Chairman of the Federal Legislative Committee. In his place was appointed E. R. Gurney, Vice-President First National Bank, Fremont, Neb. John L. Hamilton is succeeded by J. F. Sartori, President Security Savings Bank, Los Angeles, Cal. This appointment places Messrs. Gurney and Sartori on the Currency Commission in place of Messrs. Reynolds and Hamilton.

The Executive Council at the New Orleans Convention having rescinded the resolutions under which the Finance Committee formerly acted, approved a series of by-laws to govern the Finance Committee. The Committee now stands as follows, the appoint-

ments having been made in conformity with the new by-laws:

Charles H. Huttig, Vice-President American Bankers Association, Chairman;

J. Fletcher Farrell, Treasurer American Bankers Association;

Wm. C. Poillon, Vice-President Trust Company Section;

R. C. Stephenson, Vice-President Savings Bank Section;

Ralph Van Vechten, Vice-President Clearing House Section,

and six members selected from the three classes in the Executive Council, as follows:

One-year term, Hon. W. J. Bailey of Kansas, and T. R. Preston of Tennessee,

Two-year term, Ledyard Cogswell of New York, and Emory W. Clark of Michigan.

Three-year term, R. E. James of Pennsylvania, and James K. Lynch of California.

The Law Committee was not changed excepting in two instances, the Chairman of the Committee on Protective Laws for the Trust Company Section and the Law Committee for the Savings Bank Section. Major Dinkins was reappointed Chairman of the former, and John H. Sturgis, Treasurer Franklin Savings Bank, Boston, Mass., Chairman of the latter in place of Lucius Teter of Chicago.

The Committee on Bills of Lading was continued by the Convention, adding thereto Sol. Wexler, of New Orleans, with the provision that the Administrative Committee should appoint another member of this Committee from the South, and Nathan Adams, Cashier American Exchange National Bank, of Dallas, Texas, has accordingly been selected.

The Committee on Fidelity Bonds and Burglary Insurance was continued by the Convention.

The Committee on Express Companies and Money-Orders is now headed by Thornton Cooke, of Kansas City, Mo., who was appointed Chairman in place of Joseph Chapman, Jr., of Minneapolis, who resigned to accept the chairmanship of the Committee on Agricultural and Financial Development and Education. W. D. Manley, of Atlanta, Ga., was appointed to fill the vacancy on this Committee.

The American Institute of Banking Committee was reappointed.

The Committee on Forms for National and State Banks. Joseph Wayne, Jr., of Philadelphia, has been appointed to replace Charles W. Riecks.

The Convention appointed a Committee on Agricultural and Financial Development and Education, which is as follows:

Jos. Chapman, Jr., of Minnesota, Chairman;  
 B. F. Harris, of Illinois;  
 Myron T. Herrick, of Ohio;  
 Joseph G. Brown, of North Carolina;  
 Edwin Chamberlain, of Texas;  
 W. D. Vincent, of Washington.

Anticipating the possibility of revising the Constitution and by-laws of the Association, a resolution was introduced to the Executive Council by Lewis E. Pierson, of New York, as follows:

"Resolved, That the Chairman of the Trust Company Section, the Chairman of the Savings Bank Section and the Chairman of the Clearing House Section, appoint a Committee of seven; one each from the Trust Company, Savings Bank and Clearing House Sections, and four from the membership at large, exclusive of members of the Council, to consider and report to the Spring meeting of the Council any amendments to the Constitution which, in their judgment, may be desirable."

Mr. Van Vechten, of Chicago, seconded this resolution, and after discussion, the following was added: "as well as to report upon any other amendments which may be submitted to them," and, on motion, the resolution as amended, was adopted.

The Committee provided for by the above resolution has not yet been appointed.

#### KANSAS BANKERS' ASSOCIATION.

THE twenty-fifth annual convention which is to be held at Topeka Thursday and Friday May 23-24 will be made a quarter centennial celebration. Secretary Bowman is preparing an unusually attractive program, and it is expected there will be a large attendance of delegates and that many visitors will take part in the event.

#### FIDELITY BONDS.

IT has come to our attention in some cases surety companies tender to our members their own form of bond as a substitution for the copyrighted form of fidelity bond adopted by this Association in 1899.

The claim is made that their own form is superior to ours. It is a fact, however, that our form of bond was compiled by an active committee of bank officers, together with the assistance of prominent attorneys, and has been used extensively by members.

It is in demand daily and it is our opinion that it is the best bond yet devised in the interests of banks. To our knowledge, it has been contested on only a few occasions, whereas the form prepared by the surety companies has been the cause of considerable litigation.

Our members' attention is called to articles relating to this subject on pages 75, 564 and 565 in our Journal-Bulletin for the months of August 1910 and April 1911. In the latter number a copy of our form of bond is reproduced.

IT IS TO THE INTEREST OF EVERY MEMBER OF THIS ASSOCIATION TO REQUEST OUR COPYRIGHTED FORM OF BOND WHEN APPLYING FOR FIDELITY INSURANCE.

#### SAVINGS BANK SECTION SECRETARY.

WITH this issue William H. Kniffin, Jr., severs his connection with the Savings Bank Section as Secretary, to become Treasurer of the Onondaga County Savings Bank of Syracuse, one of the largest savings banks in the State of New York, outside of New York City. Mr. Kniffin will be missed by his associates in this work. Particularly will they miss his genial personality which made association with him under any conditions a pleasure, and which, coupled with a natural inclination and fitness for his work, developed a high order of efficiency in this office and in the many lines of activity in which he was engaged.

Coming to New York City five years ago from the Rondout, N. Y., Savings Bank, Mr. Kniffin became Cashier of the Home Savings Bank of Brooklyn, which was then organizing, and with which he has been connected since. He has contributed much valuable literature to the savings bank world, and was Secretary of New York Chapter, American Institute of Banking, in which he rendered invaluable service along educational lines.

Mr. Kniffin carries with him the best wishes and affection of hundreds of men of New York, and great things are predicted for his future.

To fill the unexpired term of Secretary of the Savings Bank Section, E. G. McWilliam has been appointed to that office. He is a savings bank man of many years experience in New York City, having begun his banking experience with the Dime Savings Bank of Brooklyn, and for the past thirteen years been connected with the Irving Savings Institution. He also succeeds Mr. Kniffin as Secretary of New York Chapter, American Institute of Banking, of which he is a graduate, and during the past year directed the savings bank work of said Chapter. Mr. McWilliam enters upon his work with enthusiasm, and will, without doubt, be a worthy successor of his distinguished predecessors.



# TRUST COMPANY SECTION



Officers, 1911-1912.

**PRESIDENT:**

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

**FIRST VICE-PRESIDENT:**

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

**CHAIRMAN EXECUTIVE COMMITTEE:**

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

**SECRETARY:**

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

**T**O complete the list of State Vice-Presidents of the Section the officers have elected the following: Maine—George E. Macomber, President Augusta Trust Company, Augusta; Michigan—Frank W. Blair, President Union Trust Company, Detroit; New Mexico—R. E. McBride, Secretary and Treasurer The Bowman's Bank & Trust Company, Las Cruces; South Carolina—John F. Ficken, President South Carolina Loan & Trust Company, Charleston; South Dakota—W. E. Stevens, President State Banking & Trust Company, Sioux Falls.

This completes the list of State Vice-Presidents published in the January issue of the Journal of the Association.

The Secretary has recently addressed a letter to each of these Vice-Presidents, enclosing a list of non-member trust companies in their respective states and has requested that they use their best efforts in inducing such companies to join the Association and the Section.

Owing to their appointment as members of the Trust Company's Committee on Legislation, F. H. Goff, Chairman of the Executive Committee, and Ralph W. Cutler of Hartford, Conn., have tendered their resignation as members of the standing Committee on Protective Laws, and in their place there has been appointed Sam W. Reyburn, President Union Trust Company, Little Rock, Ark., and Herbert A. Rhoades, President Dorchester Trust Company, Boston, Mass. This Committee on Protective Laws is one of the most important of the Section's committees and is now constituted, including the two new members, as follows: Lynn H. Dinkins, President Interstate Trust & Banking Company, New Orleans, La., Chairman; P. C. Kauffman, Vice-President Fidelity Trust Company, Tacoma, Wash.; E. J. Parker, President State Savings, Loan & Trust Company, Quincy, Ill.

The address of Marquis Eaton, Esq., of Chicago, Ill., on "The Relation of the Trust Company to the Lawyer," delivered at the recent New Orleans Convention, has been quite extensively used as an advertising medium by our members, and others who may desire to make use of this very valuable and important address are advised that copies in any number can be supplied at cost price through the Secretary's office.

Lawrence L. Gillespie of the firm of Messrs. J. S. Bache & Company, and until the recent convention

First Vice-President of the Section, when his resignation was accepted owing to his withdrawal from active trust company connections, tendered a luncheon at the Whitehall Club, New York City, on January 16, to Colonel F. H. Fries, President of the Section. Some forty guests, including the officers of the Section, former officers and a number of prominent financiers and business men of the city were present. Brief remarks were made by Mr. Gillespie, Mr. Fries and Mr. Goff. Wm. C. Poillon, First Vice-President of the Section, presented to Mr. Gillespie, on behalf of the officers, a handsome silver loving cup suitably engraved, in expression of appreciation of Mr. Gillespie's services in behalf of trust company interests from 1907 to 1912.

**"Trust Company Forms."**

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

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

**Special Notice.**

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



Officers, 1911-1912.

**PRESIDENT:**

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

**FIRST VICE-PRESIDENT:**

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

**CHAIRMAN EXECUTIVE COMMITTEE:**

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

**SECRETARY:**

E. G. McWILLIAM, 11 Pine Street, New York.

**THE DANGER OF DEPOSITS BY CHECK IN SAVINGS INSTITUTIONS.**

**T**HE great rank and file of savings bank depositors being people in the humbler walks of life, usually make deposits in cash and payments to them are likewise generally in money.

The widespread popularity of the bank check as a medium of exchange has, however, made it necessary for savings banks to accept checks in order to keep pace with modern demands, and as a broad statement it may be said that savings banks everywhere will receive such instruments on deposit. The rules usually are that the checks must be drawn either to the bank or to the depositor's order. In a great many instances it is also required that the deposit be left for a stipulated time, running from ten days to two months, giving the bank time to collect the item, before making any payment against the credit. Some banks, however, will accept checks with several endorsements and have few restrictions in this regard.

The dangers arising from check deposits are many, as will presently be shown; and while it is true that banks may have been operating for half a century without any loss from such a source, this is no guarantee that the same happy experience will follow them the rest of their career, and every bank owes to itself the taking of proper safeguards to eliminate every risk possible and place their operations on as sound a foundation as experience and study can suggest. The surest safeguard, of course, is to know the party making the check and the last endorser; and knowing these the only risks are forgery and overdrafts. It is our purpose this month to review a case in which the dangers of check deposits are clearly set forth in the hope that many banks will immediately see the danger and use due caution in all check transactions.

One of the cleverest and best conceived swindles imaginable against savings banks was uncovered by our Protective Department during the Fall of 1911. It not only furnishes a lesson as to the value of the Protective Department to savings banks and banks operating savings departments, but also is a warning of the danger of receiving checks on deposit from persons who are unknown to the bank. The frauds total over two thousand dollars, distributed among three savings banks, and involve a half a dozen mercantile firms, and a national bank.

Briefly stated, the swindler operated as follows: Being in the employ of a large wholesale house, he knew that certain checks were drawn to the order of firms of a single name, and in some manner got possession of the remittance letters. Whether he withheld them from the mails or stole them from the mails is immaterial; and whether his operations continued after leaving the firm or not is not stated in the reports; however, he obtained possession of the checks. His second step was to assume the name of the drawee, or one so near like it that he could easily explain the discrepancy if it should be questioned. He would then proceed to open an account in a savings bank and give a **fictitious family history**. In one bank he made five deposits on one account, all in checks, aggregating about six hundred dollars. He even went further than this and boldly opened two other accounts in other names in the same bank, also with checks. These checks were received under the rule that check deposits must remain thirty days. The funds in the six-hundred-dollar account were withdrawn within two months after opening the same, and it is evident that the perpetrator of the fraud realized that all well-managed firms reconcile their accounts periodically, and no remittances coming to hand, inquiry would be made as to the reason. He therefore succeeded in closing out all his accounts before the forgeries were discovered.

Upon the discovery of the first forgery, the Protective Department was called in and a man placed on the case. One of the employees who had left the firm without reason or notification, was immediately suspected and trailed, and shortly afterward apprehended.

It is not a difficult matter to steal letters containing remittances, assume the name, appearing as drawee, and open an account, adopting a signature and a family history, and by practice being able to duplicate the signature when necessary. The account can generally be withdrawn before the fraud is detected and the risk in accepting check deposits is no small one.

It can readily be seen after reviewing a case of this sort that none of the usual rules afford any protection whatsoever, and while such cases are not frequent, they would seem to call attention to the dangers attending the opening of accounts by check or the receipt of checks on deposit from strangers, no matter what safeguards may be put around them.

It usually takes considerable time before a forged endorsement is discovered, and especially so where the business methods of the drawer are lax, and the thirty-day rule, or even a sixty-day rule, is no protection against crooks. It is worth while, therefore, that savings banks be extremely careful not to accept checks from those whom they do not know.

This is a pretty broad statement, of course, and would practically prohibit savings banks from accepting checks on deposit; but the least that should be done is to make due inquiry as to the identity of the person who offers a negotiable instrument for deposit.

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

Ackerly, D. T., representing National Wholesale Grocers Association, New York, N. Y.  
 Aiken, Alfred L., president Worcester County Institution for Savings, Worcester, Mass.  
 Brower, H. W., private banker, Plainfield, N. J.  
 Burnett, C. R., Assistant Cashier First National Bank, Richmond, Va.  
 Cambell, Alex. D., Assistant Cashier, Hanover National Bank, New York, N. Y.  
 Chase, Clement, Editor, Western Banker, Omaha, Nebr.  
 Clark, John A., J. A. Clark & Co., New York, N. Y.  
 Cromwell, David, President First National Bank, White Plains, N. Y.  
 de Vries, H. M., Assistant Secretary, National Surety Co., New York, N. Y.  
 Dickerman, F. R., Cashier First National Bank, Bristol, Vt.  
 Dimse, Henry, Vice-President Greenwich Bank, New York, N. Y.  
 Dowie, Harry, representing National Butter, Poultry & Eggs Association, New York, N. Y.  
 Farnsworth, Frederick C., Ithaca, N. Y.  
 Fayant, Frank H., National Citizens League, New York, N. Y.  
 Fries, F. H., President Wachovia Bank & Trust Co., Winston-Salem, N. C.  
 Hall, Chas. H., Employers Liability Assurance Corporation, Ltd., Boston, Mass.  
 Hollister, Clay H., Vice-President, Old National Bank, Grand Rapids, Mich.  
 Howell, M. H., Chase National Bank, New York, N. Y.  
 Ingle, William, Cashier Merchants National Bank, Baltimore, Md.  
 Ireland, A. J., New York, N. Y.  
 Kelsey, H. F. D., Yokohama Specie Bank, New York, N. Y.  
 Kenny, John A., Asst. Supt. Burglary Dept., Ocean Accident & Guarantee Corp., New York, N. Y.  
 Kent, Fred L., Vice-President Bankers Trust Co., New York, N. Y.  
 Latta, J. A., Vice-President Northwestern National Bank, Minneapolis, Minn.  
 Leigh, B. V., Cashier, Clinton National Bank, Clinton, N. J.  
 MacMichael, R. H., Bond Manager Dexter-Horton National Bank, Seattle, Wash.  
 Malott, M. W., 2nd Vice-President Indiana National Bank, Indianapolis, Ind.  
 Manley, W. D., President Farmers & Traders Bank, Atlanta, Ga.  
 Marks, L. Lester, Ithaca, N. Y.  
 Metcalf, Edward P., President Atlantic National Bank, Providence, R. I.  
 Morton, A. Waller, Asst. Cashier National City Bank, Chicago, Ill.  
 Poulson, M. S., Poulson & Colburn, Lincoln, Neb.  
 Ruggles, Chas. A., Manager Boston Clearing House, Boston, Mass.  
 Teter, W. C., Private Banker, New York, N. Y.  
 Thurnauer, Geo. B., New York, N. Y.  
 Titus, Leon F., Cashier First National Bank, Traverse City, Mich.  
 Tompkins, D. J., President U. S. Guarantee Co., New York, N. Y.  
 Webber, Lorenzo, Cashier Webber State Savings Bank, Portland, Mich.  
 Wollman, Wm. J., New York, N. Y.

CONVENTION HEADQUARTERS.

THE Hotel Pontchartrain of Detroit has been selected headquarters of the American Bankers Association for its next Convention, which is to be held in that city early in September next.

The Hotel Pontchartrain is the best of modern construction of hotels, having been recently built; is fireproof and is up-to-date in every particular. It occupies the site of the old Russell House which was a noted hotel in Detroit for very many years.



HOTEL PONTCHARTRAIN.

The Pontchartrain is located in the center of the city on Campus Martius, convenient to all of the car lines, which center at this point; within one square of Griswold Street, the Wall Street of Detroit; facing the City Hall and square, and many important business buildings. It is ideally arranged for a headquarters hotel, having ample accommodations for registration purposes, State Headquarters, Council, Section and Committee Meetings.

General Secretary Farnsworth spent several days in Detroit about February first, arranging preliminary details for the next convention, having been called to meet the Clearing House Association. The date of the Convention will be decided upon in the near future, and the local committees appointed, and among the first to commence operations will be the local Hotel Committee.



# CLEARING HOUSE SECTION



Officers, 1911-1912.

**PRESIDENT:**  
**CHARLES A. RUGGLES**, Manager Boston Clearing House,  
 Boston, Mass.

**CHAIRMAN EXECUTIVE COMMITTEE:**  
**JOHN K. OTTLEY**, Vice-President Fourth National Bank,  
 Atlanta, Ga.

**VICE-PRESIDENT:**  
**RALPH VAN VECHTEN**, Vice-President Continental and  
 Commercial National Bank, Chicago, Ill.

**SECRETARY:**  
**O. HOWARD WOLFE**, 11 Pine Street, New York.

## NEW CLEARING HOUSES.

**I**N round numbers, there are four hundred cities and towns in the United States, having three or more banks, but without the facilities and advantages of a clearing house. Which may be taken as an indication that there are very many banks and bankers who do not know, or at least are not willing to admit, that the business of banking can not be conducted safely and profitably upon the same basis as obtained twenty, or even ten, years ago. It has been said that of all business men, bankers are least willing to entertain any change of ideas. This is only another way of saying that bankers are more conservative than other people, which is as it should be.

But for bankers to continue to conduct their business under the old school style of competition and refuse to adjust their methods to the modern idea of co-operative competition is no longer conservatism nor indeed sound business policy. Since 1907, the influence of the clearing house upon monetary reform and other financial thought, has developed very rapidly. Or perhaps it would be better to say that the power for good that may be wielded by clearing house organizations is only beginning to be realized. We know that no matter what course new legislation may take, we have the solid rock of clearing house strength to build upon.

In view of these facts, it is unfortunate that the organization of new clearing houses, and the extension of power of others already established, is hindered either by petty jealousies or lack of interest on the part of bankers who should be alive to new conditions and who should take a broader view of their responsibilities. An idea seems to prevail that in associating together for the common good, the bank sacrifices something of value, or suffers a detriment. In the organization of clearing houses quite the reverse is true. The members lose nothing of their individuality and are stronger from within and without. It is not in any sense a combination "in restraint of trade," but is in strict accordance with public policy and aims only at the betterment of banking conditions and seeks to place business and commerce upon the basis of sound doctrine. The public has begun to look askance at those institutions who will not, or can not, co-operate with their neighbors.

The clearing house is not an innovation nor is it

an experiment; it is a necessity if we are to make progress in our profession. To all cities who are contemplating the establishment of a clearing house, this section is ready to offer whatever assistance may be necessary in the way of advice or suggestion. Articles of association have been drawn up by the General Counsel which may be used as a model, subject to local variations. There is also a pamphlet which contains some modern thought on the subject and which may be had for the asking.

## ENDORSEMENT STAMPS.

**U**NDER date of October 26, 1911, a circular letter was sent to every bank in the directory urging all progressive institutions to co-operate in introducing the Numerical System and install new endorsement stamps bearing the transit number. The response was very encouraging and we have definite records showing that about five thousand banks have adjusted their stamps and checks to make possible the advantages of the Numerical System in transit work. Of course, there are other thousands who were provided with stamps by their correspondents or who secured new stamps on their own account. All of which is very gratifying.

It seems that many stamp dealers misunderstood our campaign and labored under the delusion that we had "gone into the stamp agency business." This impression has, happily, been corrected since we have assured them through their trade paper that our plan was not to sell stamps, but to introduce a new idea. As soon as the system is well understood, we will withdraw our offer to secure stamps for those banks who are not conveniently located near a good stamp dealer.

Therefore, if there are any who have not yet equipped themselves they are urged to do so at once, through a local firm if possible, but if not we shall be pleased to furnish the stamps at a fair price. Don't forget about the little one-line rubber stamps with which to number your own made up checks and also your drafts upon correspondents. With one of these small, ten-cent stamps your night watchman can, in a couple of nights, prepare all your blank check books in stock. A boy can do the same work in a day. The stamp can then be loaned to your more active depositors in turn, who will be glad to assist in introducing a system which will ultimately

enable them to list items on their deposit tickets more easily.

New checks will, of course, be printed with the numbers in the proper place, but by preparing the checks already made up in the manner suggested, the possibilities of the new system will be realized much sooner and the advertising effect upon slower people will be tremendous.

Obey that impulse and order your stamps today!

#### PITTSBURGH.

A SIMPLE definition often makes clear the most abstruse term and conversely the most innocent appearing questions often require the greatest amount of explanation in answer. For example, the suit which has been instituted in Pittsburgh is nothing more nor less than an attempt to determine what is meant by the term "clearing house." Since 1907 there has been a decided change in the status of clearing houses and it was inevitable that the present situation in Pittsburgh should sooner or later result. We learn to creep before we walk, but there are some who prefer to continue on hands and knees to avoid a tumble; and there are others who would walk erect with only the feet on solid ground. Between these two classes every reform is sooner or later brought to an issue—and the man who stands erect usually wins. That is history.

In common with many other clearing houses, the Pittsburgh Association has for its objects:

(a) The effecting, at one place and at one time, of the daily exchanges between the several associated banks, and the payment at the same place of the balances resulting from such exchanges.

(b) To take such action in matters of common interest arising or affecting their relations with banks in this and other localities as will tend to the fostering of sound and conservative methods of banking.

It must be admitted that "the effecting at one time and place," etc., is not the only "matter of common interest" and that there are other equally important regulations "as will tend to the fostering of sound and conservative banking." A financial writer of authority in speaking of the suit in Pittsburgh says in part:

"The importance of the litigation initiated in Pittsburgh is not local but national in its bearing, because clearing house associations throughout the country are directly and vitally interested in the probable outcome. Some of the questions involved have never been presented in any court in equity in quite the same manner. The allegation that clearing houses have exceeded the power under which they were chartered, by going beyond the primary objects of providing facilities for the clearance of checks and other items and the payment of balances, is raised for the first time.

"Pittsburgh bankers most conspicuously identified with the movement to widen the power and influence of the Clearing House Association vigorously deny that their aim is to enforce control of the majority by a limited minority; that private aggrandizement has dictated the campaign for reforms; that individual control or direction will be disturbed, and that any member of the Association will be in any wise injured or the business of any bank shall suffer under

the proposed changes. On the contrary, they insist that the banking situation in Pittsburgh will be materially improved by reduction in operating costs and by lessened danger from losses in the loaning of money, and from illegal actions and other irregularities.

"Testimony of bankers where the reforms have been tried is of a highly favorable character, and has convinced the majority interest in the Pittsburgh Clearing House Association of the feasibility thereof. Fears that competitors will gain the innermost secrets of their neighbors in business, by the installation of a bank examiner and by increasing the power of the Clearing House Committee, have been dispelled upon inquiry into methods and details by bankers having an unprejudiced mind. It is asserted without hesitation that failures of banking institutions and of commercial and manufacturing corporations, which have, in the past, shaken more than one great city from center to circumference, are now improbable, owing to corrective authority now vested in the accredited representatives of many Clearing Houses."

Now let this suit in Pittsburgh be conducted in the open. It should have the fullest publicity. The confidence which the banking public reposes in the clearing house is a tremendous asset and it must be shown conclusively that this confidence is well founded. At the same time bankers will be brought to realize that progress has been made in clearing house development and they will be known and measured by the part they and their institutions take in the work of reform.

#### PHILADELPHIA CLEARING HOUSE MAKING PROGRESS.

PHILADELPHIA has always been an important center upon the financial map of the country, suffering somewhat, perhaps on account of the proximity to New York, but always in the forefront in any work of permanent value. One of the greatest difficulties with which the clearing house has had to contend was the fact that so many of the important and influential financial institutions were not members nor did they clear through banks who were. The list of non-members, practically all of them being trust companies, was larger than the list of members. Since 1907, however, Philadelphia Clearing House under the direction of a committee composed of broad-minded, progressive bankers, has been making history.

Seven trust companies have recently been admitted to full membership in the clearing house. These seven new members represent nearly forty per cent. of the combined strength of all the trust companies of the city, and their action will doubtless influence other trust companies in an appreciation of the principle of co-operation attendant upon clearing house alliance. In the annual report to the stockholders, the president of the largest trust company in Philadelphia, said: "This entry into the clearing house will add to the expense of conducting the business of trust companies, but it is unquestionably proper that all larger financial institutions, whether national banks or trust companies, should be members of the clearing house. This association will benefit the whole community in times of financial stress and promote a scientific and satisfactory discharge of the ordinary everyday duties of financial institutions to their depositors."

# STATE SECRETARIES SECTION

Officers, 1911-1912.

PRESIDENT:  
**J. W. HOOPES**, Secretary Texas Bankers Assn., Austin, Tex.  
 FIRST VICE-PRESIDENT:  
**W. C. MACFADDEN**, Sec. N. Dak. Bankers Assn., Fargo, N. D.

SECOND VICE-PRESIDENT:  
**WILLIAM J. HENRY**, Sec. N. Y. State Bankers Assn., N. Y. C.  
 SECRETARY-TREASURER:  
**F. M. MAYFIELD**, Sec. Tenn. Bankers Assn., Nashville, Tenn.

## CONVENTIONS TO BE HELD IN 1912.

Feb. 22 Vermont ..... Montpeller  
 May 7-9 Texas ..... San Antonio  
 " 10-11 Oklahoma ..... Tulsa  
 " 17-18 Alabama ..... Mobile  
 June 14-15 Minnesota (State Agricultural College),  
 St. Paul.  
 " 18-19 Pennsylvania ..... Bedford Springs  
 " 20-22 Virginia ..... Old Point Comfort  
 " — New York ..... Buffalo  
 July 24-25 Wisconsin ..... Milwaukee  
 Sept. — American Bankers Association..... Detroit

nearest office of the Wm. J. Burns National Detective Agency immediately. Warrants issued.

Washington Bankers Association,  
 Office of the Secretary,  
 Tacoma, Wash., January 4, 1912.  
**WARNING NO. 232**

A man giving his name as H. E. Wilson, but whose correct name is believed to be R. C. Schmeltz, who until recently lived near Keota, Colorado, has been defrauding merchants in Tacoma and other cities by means of bogus checks signed H. E. Wilson and drawn upon the Grover State Bank of Grover, Colorado. R. C. Schmeltz forged several checks and left Colorado, and is now issuing bogus checks signed H. E. Wilson. He is wanted by the Sheriff of Weld County, at Greeley, Colo., for forgery—claims to be a civil engineer and bridge inspector. Description about 5 ft. 10 in., high, weight 160 lbs., dark hair, slightly streaked with grey, smooth shaven, dark eyes, gold tooth, bowls left handed. Look out for him.

## PROTECTIVE WORK OF STATE BANKERS ASSOCIATIONS.

Texas Bankers Association,  
 Office of the Secretary,  
 Austin, Texas, Jan. 6, 1912.  
**IMPORTANT NOTICE!**

Lithographed Cashier's Checks purported to be drawn by Merchants & Planters Bank, Texarkana, which are forgeries, are being circulated in North Texas. Those cashed have been for \$60.00 each and payable to Harry S. Baker. Look out for them.

Washington Bankers Association,  
 Office of the Secretary,  
 Tacoma, Wash., January 4, 1912.  
**WARNING NO. 233.**

One A. R. Hayes who formerly resided in Eatonville and was the publisher of the Inter Mountain Journal of that place, left suddenly and has been issuing bogus checks against the Bank of Howard & Benston, of Eatonville, signing the checks Inter Mountain Journal, A. R. Hayes. The last check he issued was payable to the C. M. & P. S. Ry., at Butte, Mont.

Washington Bankers Association,  
 Office of the Secretary,  
 Tacoma, Wash., January 4, 1912.  
**WARNING NO. 231.**

\$200 Reward.—The above reward will be paid for the arrest and delivery to an officer of Snohomish County of the following described men who held up and robbed the Riverside branch of the Bank of Commerce of Everett, Wash., on the afternoon of December 13, 1911. No. 1—J. Webster, age about 23 years, height about 5 ft. 9 in., weight about 160 lbs., smooth shaven, face full and long, light complexion, nose large and broad at base, square shoulders, walks erect, had appearance of being well groomed, voice of good speaking quality and used excellent English; wore a brown suit of rough material, brown Fedora hat. No. 2—Pat Crowley, age 19 to 21 years old, height about 5 ft. 2 in., weight about 140 lbs., smooth shaven, face full and dark, dark brown hair, rather stout build, wore a small cap and sweater and was without an overcoat. Left a pair of shoes which look like prison shoes which were badly worn so is probably an ex-convict. Among things left by them at hotel is a garment bearing the laundry mark "707" in red ink, a necktie marked "N. H. Elsington, St. Paul," a hat marked "Dickson Bros., Maple Creek, Saska," and a part of a dry goods advertisement from Lethbridge, B. C. Also some grease paints which an actor would use for makeup purposes. Also a paper with name "George Lazcroff" or "Lazcraft" written on it. Write or wire any information to Peter D. Kraby, Chief of Police, Everett, Wash., at his expense or notify the

Washington Bankers Association,  
 Office of the Secretary,  
 Tacoma, Wash., January 4, 1912.  
**WARNING NO. 234.**  
**FORGERY.**

Our members are cautioned against cashing checks of a man signing H. Young and Harry Young, as he is a fraud. At Glenn's Ferry he cashed checks drawn on First National Bank of Idaho, Boise. He is unknown to the bank and has no funds there. Description: Age 30 years, smooth shaven, rather stout, weight 135 lbs., wore flat derby hat, claims to be liquor or produce salesman. Another man whose description tallies well with above has recently passed forged or bogus checks at Huntington and Pendleton, Oregon, giving the names of E. O. Legg, and Harry Field. He is also described as having a blue powder-burned scar between eyes and across nose, cut scar on chin and scar on outer corner of one eye. If located wire Glenn's Ferry Bank or this office.

Iowa Bankers Association,  
 Office of the Secretary,  
 Des Moines, December 30, 1911.  
**WARNINGS.**  
**BULLETIN NO. 31.**

Nearly every number of the "Northwestern Banker" published in Des Moines contains a list of warn-



ings. Do you read them? Keep a list of crooks on file where you can quickly refer to it. You are seldom defrauded. Your customer frequently is, so you must keep on preaching to him the necessity of extreme care in cashing checks for strangers. Hotels in particular should be watchful. We hear of several new forgeries every week, and some of the recent ones are as follows:

A. H. Woods alias H. Clark. Thirty-five years, 5 feet, 9 inches, weight 170, smooth face, peculiar eyes. Operated in a number of towns drawing drafts on "Southern Land & Investment Company, St. Louis, Mo." securing endorsement of hotel keepers.

Jos. Fowler. Forty-eight years, 5 ft. 5 in., weight 140, blue eyes, red face, hooked nose, slightly humped back, one lower front tooth out. All-round crook and forger, may work as farm hand.

E. B. Roan, alias F. L. Pullen and others. About 25 years old, 5 ft. 7 in., slender, weight 150, reddish hair, high cheek bones, blue eyes, smooth face, good teeth. Wanted in numerous places in western part of Iowa. Is a dangerous forger.

L. M. Moss. No description, claims to be a printer and draws drafts on newspaper proprietors. Writes with trembling hand.

Arrest any of the above on sight and notify Secretary by wire.

Also look out for man fifty years old, blind in one eye and crippled left arm. We have fully described this man to members several times the past year but he is still active and uses many fraudulent methods to obtain money.

Please assist us by always being on the alert, arrest forgers and wire this office.

Montana Bankers Association,  
Office of the Secretary.

Great Falls, Montana, January 13, 1912.

BULLETIN NO. 125.

Party named R. L. Smith or Roscoe Smith is passing fraudulent checks for various amounts drawn on Bank of Lambrecht & Co., Rosebud, Montana. Checks which have appeared are signed "J. M. Jones", "N. A. Wolfe", "W. B. Brooks" the latter negotiated at Hardin, Montana. Smith has appearance of farm hand, handwriting very poor. Age 22 years, height 5 ft. 8 in., weight 145 lbs., red hair, smooth face.

We are notified by Secretary of Texas Bankers' Association to look out for forged "Lithographed Cashier's Checks purported to be drawn by Merchants & Planters Bank, Texarkana, for \$60.00 each payable to Harry S. New."

Wire this office if information concerning the above matters is received.

Missouri Bankers Association,  
Office of the Secretary.

Sedalia, Mo., Jan. 12, 1912.

\$50 REWARD!

A man giving the name of Chas. H. Miller is charged with the crime of defrauding a member of this Association at Stotts City, Missouri, by means of a forged check. The defrauded member gives us the following description of the person for whom the check was cashed:

Name, Chas. H. Miller; residence, Comal, Ark.; nativity, German; occupation, farm laborer—worked with thresher during summer; age, about 34; weight, about 150; height, about 5 ft. 6 in.; complexion, sandy; color of hair, sandy; style of beard, smooth shaven.

Remarks: Speaks very slowly; does not talk much; wore soft black hat and shabby clothing.

For the apprehension and conviction of Miller on the crime charged above, the Missouri Bankers Association offers a reward of fifty dollars. Reward to remain in force for one year from January 6th, 1912, and to be paid under the rules of the Missouri Bankers Association. Arrest and wire this office and the Sheriff of Lawrence County, Mt. Vernon, Missouri.

Missouri Bankers Association,  
Office of the Secretary.

Sedalia, Mo., Jan. 12, 1912.

WARNING!

Members are warned against the operations of a man giving the name of G. C. Campbell. This may not be his correct name and he will probably operate under different aliases. Information concerning Campbell came to us from Columbia, Missouri, where he had arranged with the "Columbia Daily Tribune" to superintend the publishing of a special edition exploiting that city's enterprises. The proposition was abandoned and Campbell remained in Columbia long enough to pass several checks purporting to be signed by the owner of the "Tribune," and which proved to be forgeries. So far as we are informed, this man has not defrauded any of our members, but he may attempt to do so. He is described as follows:

Height, about 5 ft. 10 in.; smooth shaven; coarse features; pores of skin very perceptible; has large prominent teeth; wears gold tooth near middle of upper row, but is said to be capable of changing the appearance of his teeth; wore medium brown suit, brown overcoat, and tan shoes; purchased pair of shoes at Columbia on the inside of which appears the name of E. H. Guitar, and the brand "Just Right" is printed on the straps; fluent talker; a collar found in his room at the hotel was marked "Harry Campbell." If arrested, wire the Chief of Police, Columbia, Missouri.

Ohio Bankers Association,  
Office of the Secretary.

Columbus, Ohio, January 11, 1912.

\$25 REWARD.

Good for one year.

For the arrest and conviction of a man assuming the name of Frank Klem, Jr., and representing himself to be the son of Rev. Frank Klem, Lutheran Pastor at Marshall, Michigan, who presented his personal check at a bank in the western part of the State, for \$20.00, drawn on the Commercial Savings Bank, Marshall, Michigan. This party was introduced to the Cashier by the Lutheran Pastor of the place, as a young Lutheran Minister. The check was cashed, and subsequently returned marked "Bogus."

Description: Age, 23 to 25; height, about 5 ft. 10 in.; weight, 130 to 140 pounds; light build; slightly dark complexion; smooth shaven; dark eyes; dark hair; smooth, rapid talker; speaks good high German; betrays little accent when speaking English. Has the appearance of being educated and accomplished. Wore light mackintosh and black stiff hat.

The above party told the Lutheran Minister who introduced him, that he and his young wife had been visiting at Cincinnati, and on their return the conductor refused to honor their return tickets because they had exceeded the time limit by one day, and that he had only money enough to pay his fare to that place. He gave as his address, 384 2nd St., Marshall, Mich.

Montana Bankers Association,  
Office of the Secretary.

Great Falls, Montana, January 22, 1912.

BULLETIN NO. 126.

Look out for party named A. Salmund or Anton O. Berg, forger, who is issuing checks for various amounts on banks in Montana and North Dakota.

We have notice of checks passed at Chouteau drawn on local bank, forging name of Nels Johnson.

It is believed that the same party passed checks at Lewistown, Montana, last week. Has also issued checks on a bank at Glenburn, N. D., and has in his possession a supply of blank checks on different banks in both states mentioned. Sometimes uses indelible pencil.

Description: Age, 45; complexion, sandy; moustache, sandy; weight, 165 lbs.; sometimes wears green or blue goggles and walks with head bent down; has appearance of working man.

Sheriff of Teton County holds warrant for this party.

Wire information to sheriff or th's office.

North Dakota Bankers Association,

Office of the Secretary,

Fargo, North Dakota, Jan. 25, 1912.

BULLETIN NO. 128.

The following have been lost or stolen. Members are requested to notify the Secretary's office promptly if presented for payment.

Cashier's Check No. 31 issued by the Farmers State Bank of Merricourt in favor of G. Highland Brewing Company, \$2.50. C. D. No. 154 issued by the Bank of Pleasant Lake in favor of Pat Fahy, \$69.37. C. D. No. 159 issued by the Bank of Pleasant Lake in favor of Pat Fahy, \$60.00. C. D. No. 1074 issued by the Hansboro State Bank in favor of C. C. Convers. Demand Certificate No. 807 issued by the Williston State Bank in favor of Jens C. Damm, \$290.00. C. D. No. 1649 issued by The First National Bank of Anmoose, in favor of Wm. Murray \$200.00. C. D. No. 9777 issued by the Hillsboro National Bank in favor of H. J. Hanson \$500.00.

We are especially interested in the last item as William Murray was found dead and is supposed to have been murdered for the money on his person. The finding of the Certificate of Deposit mentioned may be an important clue in locating the parties responsible for his death.

Members are requested to assist in locating a party using forged checks signed A. Salmond or Anton O. Berg. This party has issued checks drawn on a bank at Glenburn, N. D., and has in his possession a supply of checks on different banks in North Dakota and Montana. Sometimes uses an indelible pencil.

Description: age, 45; complexion, sandy; moustache, sandy; weight, 165 lbs.; sometimes wears green or blue goggles; and walks with head bent down; has appearance of working man.

A warrant is out for the arrest of this man and any information regarding him should be wired to the Secretary's office promptly.

One of our members wants information as to the present address of one Ed. Nordstrom a well driller or laborer. Nordstrom is supposed to be in the state and if any member knows where he is located information sent to the Secretary's office will be passed along to the member interested.

STATE BANKERS' ASSOCIATIONS.

(Revised to February 1, 1912)

ALABAMA—ORGANIZED 1892.

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

ARIZONA—ORGANIZED 1903.

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

ARKANSAS—ORGANIZED 1891.

President—J. M. BARKER, Cashier Bank of Atkins, Atkins.  
Vice-President—HENRY 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, Moultrie.  
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, Thompson; B. A. STRICKLAND, Valdosta.  
Secretary—L. P. HILLYER, Vice-President American National Bank, Macon.  
Treasurer—E. C. SMITH, Cashier Griffin Banking Company, Griffin.  
Assistant Secretary—HANSELL HILLYER, Macon.

IDAHO—ORGANIZED 1905.

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

ILLINOIS—ORGANIZED 1880.

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

INDIANA—ORGANIZED 1897.

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

IOWA—ORGANIZED 1887.

President—E. J. CURTIN, President Citizens Savings Bank, Decatur.  
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, Pittsburgh.  
*Vice-President*—M. H. MALLOTT, President Citizens Bank, Abilene.  
*Secretary*—W. W. BOWMAN, Topeka.  
*Treasurer*—E. E. MULLANY, Cashier Farmers & Merchants Bank, Hill City.

KENTUCKY—ORGANIZED 1891.

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

LOUISIANA—ORGANIZED 1900.

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

MAINE—ORGANIZED 1900.

*President*—E. F. 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.

MASSACHUSETTS—ORGANIZED 1905.

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

MICHIGAN—ORGANIZED 1887.

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

MINNESOTA—ORGANIZED 1887.

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

MISSISSIPPI—ORGANIZED 1889.

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

MISSOURI—ORGANIZED 1891.

*President*—A. H. WAITE, President Joplin National Bank, Joplin.  
*Vice-President*—R. R. CALKINS, Vice-President German-American National Bank, St. Joseph.  
*Secretary*—W. F. KEYSER, Sedalia.  
*Treasurer*—J. B. JENNINGS, Vice-President Mechanics Savings Bank, Moberly.

MONTANA—ORGANIZED 1904.

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

NEBRASKA—ORGANIZED 1890.

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

NEVADA—ORGANIZED 1908.

*President*—W. E. JOHNSON, Vice-President Jno. S. Cook & Co., Bankers, Goldfield.  
*Vice-President*—GEO. H. TAYLOR, Treasurer Reno Clearing House Association, Reno.  
*Secretary*—J. W. DAVEY, Assistant Secretary Reno Clearing House Association, Reno.  
*Treasurer*—H. N. BYRNE, Cashier First National Bank, Ely.

NEW JERSEY—ORGANIZED 1903.

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

NEW MEXICO—ORGANIZED 1905.

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

NEW YORK—ORGANIZED 1894.

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

NORTH CAROLINA—ORGANIZED 1897.

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

NORTH DAKOTA—ORGANIZED 1903.

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

OHIO—ORGANIZED 1891.

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

**OKLAHOMA—ORGANIZED 1897.**

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

**OREGON—ORGANIZED 1905.**

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

**PENNSYLVANIA—ORGANIZED 1894.**

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

**SOUTH CAROLINA—ORGANIZED 1901.**

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

**SOUTH DAKOTA—ORGANIZED 1886.**

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

**TENNESSEE—ORGANIZED 1890.**

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

**TEXAS—ORGANIZED 1885.**

*President*—WILLIAM R. HAMBY, 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, Warrington; 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-Presidents*—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*—HARRY B. HENDERSON, Cashier Wyoming Trust & Savings Bank, Cheyenne.  
*Vice-President*—C. H. TOWNSEND, President Stockmen's National Bank, Casper.  
*Secretary*—H. VAN DEUSEN, Cashier Rock Springs National Bank, Rock Springs.  
*Treasurer*—T. C. ROWLEY, Assistant Cashier First National Bank, Douglas.

**TEXAS BANKERS' ASSOCIATION.**

SECRETARY J. W. Hoopes has suggested to the Chairmen of the different Groups of the Association that district meetings be held as follows: Dallas, February 13th; Houston, February 14th; San Antonio, February 16th; Austin, February 17th; Waco, February 19th; Brownwood, February 20th and Fort Worth, February 22nd.

**OFFICIAL BADGES.**

ANY of the members of the Association, not present at the New Orleans Convention, who would like one of the official badges as a souvenir, can obtain same by writing to the General Secretary, a few of these badges having been left over. They will be sent out in the order in which the applications are received, until the supply is exhausted.

C. A. Morgan, Manager of the New Orleans Clearing House Association, has a quantity of Unimatic Booklets on hand. This booklet is an interesting souvenir of the convention, and any of the members not present can obtain same by writing to Mr. Morgan.

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General Secretary American Bankers Association.  
W. W. WAINE, ASSOCIATE EDITOR.

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

## BANK PROTECTION THAT IS PRACTICAL AND PROGRESSIVE.

**T**HERE is always a certain fascination in considering the splendid Protective feature of the American Bankers Association, the fascination that inevitably follows the careful study of crimes against banks. Many of those crimes are so adroit, so subtly planned, so skilfully executed, that it would be a matter of no more than passing comment if all of them succeeded.

But it is one of the proudest achievements of our Association that its efforts of many years have now evolved a protective system so perfect that the danger of successful depredation is reduced to an absolute minimum. We say this advisedly. For we believe unreservedly that we have reached the very highest plane of practical and progressive protective supervision of the material interests of our members. And we may add with equal candor that we are confident the fraternity of bank sharpers have come to know this.

Thanks to the enthusiastic co-operation of our bank members, we have never been so closely in fraternal touch with each other in times of criminal attack as we are today. Growing, too, as we are daily in numerical strength, the liability to such attacks keeps in pace, of course; but the perfection and the strength of our protective system, the intelligent and prompt assistance afforded us by our members everywhere are so effective that we are justifiably proud of the record we can present.

The briefest consideration of the manifold advantages gained by a membership that embraces this one remarkable feature alone, to say nothing of the many other admirable departments of the Association, should convince any bank that we are stating the case modestly.

There are many helpful factors that go to make up the success of this protective work. There is, for instance, the circulation of the Journal-Bulletin, of which over 26,000 copies go forth monthly, each with its warnings against depredants, their photographs, tracings, descriptions, mode of attack, etc.; and with

the valuable reports of the State Bankers Associations' work beside. Included in the thousands of regular readers of the Journal-Bulletin are not alone the police chiefs, sheriffs, wardens, post office inspectors and secret service agents of the entire country, but also that keen-witted, clear-eyed, splendid body of young men who do honor to the American Institute of Banking by their loyal membership.

Then, too, we must not forget the ominous warning that confronts the would-be sharper who faces the well-known sign of the Association in so many banks. It is unquestionably a fact that this sign, telling always its silent tale of swift prosecution and a relentless chase, has aided wonderfully in causing the burglar, the professional forger and the check swindler generally to avoid these banks as a rule, and to test their skill in other and less protected directions.

Celerity is the watchword of the Protective system. Upon quick action depends most frequently the capture or the flight of the offender. In that essential situation, the Protective Department and its detective agency are splendidly equipped. Indeed, if we compare the present lightning-like speed with which bank attacks are reported and investigated, with the methods of less than a decade ago, we may well blame ourselves for not having grasped this emergency more quickly and more vigorously.

Finally, the Protective feature of our membership is unique, in that it costs nothing. If a bank member has been defrauded, or even if an attempt has been made to swindle it, the right to protection and investigation follows as a matter of course, and absolutely without expense to the bank attacked, so long as that bank will assist by a vigorous prosecution without compromise.

We have paid this little tribute to the Protective feature of our Association, because it is well deserved. Let us hope that its effect will be to substantially increase the number of banks, who, by assuming the privileges and duties of membership in our Association, give sound assurance that they see the light.

# LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

## DEROGATORY STATEMENTS AFFECTING BANKS.

QUITE recently General Counsel has received from two banks in different parts of New York State letters complaining of injury because of derogatory reports concerning their respective institutions and inquiring what redress the bank could have in the premises. One of these banks has written as follows:

"A certain party or parties connected with a certain banking institution gave out a statement regarding a certain other bank. These statements were used, we believe, as a matter of jealousy; also to influence certain depositors to change their accounts. These statements have had more or less effect, and we consider it the lowest form of business ethics. Their remarks run somewhat as follows: 'This bank would not last but a little while,' etc., 'would soon go out of business,' 'or would bust' and when we get through with them, 'we will put them out of business,' etc."

The other bank stated more generally that derogatory reports had been circulated which made the bank appear in a bad light; these reports had not caused a run but had put the bank to considerable trouble and annoyance.

The New York statute (Penal Code, Section 242) provides that "a malicious publication by writing, printing, picture, effigy, sign or otherwise than by mere speech \* \* \* which has a tendency to injure any person, corporation or association of persons, in his or their business or occupation," is a libel. A person who publishes a libel is guilty of a misdemeanor.

This statute would protect a bank where the derogatory statements are written and published; but would not protect it against oral defamation or slander which is the way, doubtless, most of these malicious reports are circulated. While slander may be the basis of a civil action for damages, it is not made a crime by the New York statutes and a civil action against an irresponsible person does not give the bank a sufficient remedy or due protection.

There is one other statute in New York which might be invoked as a protection against slander of a bank, namely, section 435 of the penal code which provides that "a person who with intent to affect the market price of \* \* \* the stocks, bonds or other evidences of debt of a corporation or association \* \* \* knowingly circulates any false statement, rumor or intelligence, is punishable by a fine of not more than \$5,000 or by imprisonment for not more than three years or both."

It may be that a bank which has suffered from oral derogatory statements can successfully prosecute the defamer under this statute on the ground that the false statements or rumors were with intent to affect the market price of its stock; but it would be

far better if a law covering this specific offense against banks in all its phases, whether the defamation be oral or written, was enacted by the legislature.

A proposed law to this end was drafted a few years ago by General Counsel in behalf of the Association and has already been enacted in a number of states. It is as follows:

"Any person who shall wilfully and maliciously make, circulate or transmit to another or others any statement, rumor or suggestion, written, printed or by word of mouth, which is directly or by inference derogatory to the financial condition or affects the solvency or financial standing of any bank, savings bank, banking institution or trust company doing business in this state, or who shall counsel, aid, procure, or induce another to start, transmit or circulate any such statement or rumor, shall be guilty of a (felony or misdemeanor), and upon conviction thereof, shall be punished by a fine of not more than five thousand dollars or by imprisonment for a term of not more than five years, or both."

A draft of this proposed law has been placed in the hands of the chairman of the Legislative Committee of the New York State Bankers Association and its enactment by the legislature would go far to check a serious evil. Offenses of this character are quite common all over the country and hardly a month passes where complaint is not made by a bank in some state that some malicious person has been circulating defamatory reports concerning the institution and caused it much annoyance and sometimes loss. This proposed law has been placed in the hands of the secretaries and legislative committeemen of State Bankers Associations in all states where legislatures meet this year and where the law has not already been enacted. Such states are Georgia, Kentucky, Massachusetts, Mississippi, New York, South Carolina and Virginia. It would be worth while for the bankers in all these states to unite in urging the passage of this law. Doubtless in every such state instances can be given where banks have been injured by malicious statements affecting their soundness and a statement of the facts before a committee of the legislature having a draft of such law under consideration would be strong evidence of the necessity of its enactment as a protection to solvent banks against unwarranted and malicious attacks upon their standing and credit.

## BILLS OF LADING.

THE Committee on Bills of Lading of the American Bankers Association held a meeting at the offices of the association on January 16th at which was present Chairman Hollister, Messrs. Ingle and Kent of the Committee, Counsel Paton and a number of representatives of commercial organizations inter-

ested in the promotion of legislation improving the bill of lading as an instrument of credit.

The status of the Stevens bill was discussed as was also the Adamson bill and objections thereto. The committee gave full attention to all the questions connected with prospective hearings on these measures before the Congressional Committees and mapped out a plan of campaign for the season's work, the details of which were placed in charge of the General Counsel. No definite dates have yet been fixed for hearings on the Stevens and Adamson bills before the House Committee on Interstate and Foreign Commerce and upon the bill introduced by Senator Clapp (which is a companion bill to the Stevens bill) before the Committee on Interstate Commerce in the senate; but all proper steps are being taken.

#### TO BANKS PURCHASING SHIPPERS' DRAFTS.

WHEN a hearing is had by the Committee on Interstate and Foreign Commerce of the House of Representatives upon the proposed legislation relating to bills of lading, not only will the Stevens bill (H. R. No. 4726), which is advocated by the bankers come up for consideration but also the bill introduced by Representative Adamson of Georgia, Chairman of the Committee (H. R. 12,806) which is entitled "a bill to prevent the issuing or accepting in Interstate Commerce of forged and fraudulent bills of lading." The particular attention of banks is invited to section 4 of the Adamson bill which provides:

"That it shall be unlawful for any bank, or any agent or officer thereof, to accept from any holder thereof any bill of lading for the purpose of making or securing an advance of money thereon, without first ascertaining by actual inquiry and investigation that the shipment described in the bill of lading was really delivered to the carrier whose agent purported to have signed said bill of lading. Any bank or agent or officer thereof violating this provision shall be guilty of a misdemeanor, and on conviction thereof the bank shall be punished by a fine of not exceeding five thousand dollars, and the agent or officer thereof thus accepting said bill of lading shall on conviction be punished by a fine not exceeding five thousand dollars or imprisonment not exceeding five years, either or both in the discretion of the court, and in addition thereto both the bank and such agent or officer shall be liable to any subsequent holder or indorsee or assignee of said bill of lading for all losses sustained by reason thereof."

This it is seen makes it the duty of every bank or officer thereof, before accepting a bill of lading as security, to first ascertain "by actual inquiry and investigation" that the shipment has actually been received; and the penalty for violation of this requirement, is, first, fine and imprisonment, and secondly a liability to subsequent holders for all losses sustained upon any untrue bill.

The Adamson bill was introduced in Congress last July and it appears that the Grain Dealers National Association at their Annual Convention held at Omaha, Neb., October 9, 1911, indorsed the Adamson bill but that in a subsequent communication written by Charles England, Chairman of the Bill of Lading Committee of that Association to Congressman Adamson (Published in "Who is Who in the Grain Trade," Dec.

5, 1911, the publication of the Grain Dealers' National Association, Toledo, Ohio) he calls attention to Section 4 in the following language:

"It was generally conceded that this provision was a most excellent one, provided that it referred only to the bank making advance on the bill of lading at point of shipment of the merchandise, but it was the opinion that it would be impracticable, if not impossible, for the banks subsequently handling the bill of lading to get that information from the agent signing the bill, or from the originating railroad.

"It is a matter of fact that at all terminal markets, either interior or export, order bills of lading for grain are commonly used as collateral with the banks at these points, pending the arrival of the grain, when the bill of lading may be exchanged for an elevator or warehouse receipt. If it were required that the bank at the terminal market obtain the information stated in Section 4 of the bill, it would result in a general refusal of the banks to advance money upon such collateral, and not only the trade, but producers as well, would suffer hardships and losses and the expense of handling grain would be greatly increased.

"Will you kindly inform me whether it is the intention of Section 4 to apply only to the bank first receiving the bill of lading, or does it apply to all banks which may subsequently handle it; whether advancing upon it in process of collection or as collateral for a loan?

"If, as stated above, this provision applies only to the bank at point of origin, and it is required to stamp on the bill of lading that investigation shows that the shipment was really delivered to the carrier, it will greatly add to the value of the bill of lading as a business document, and greatly benefit the grain business."

To this Congressman Adamson replied, his letter also being set out in the same publication:

"I have not a copy of my bill before me, but my recollection is the provision expressly states that the initial bank which accepts for security and discounts the original bill of lading, must ascertain its genuineness before using the same.

"If the language used does not specify that idea, it was my intention that it should, and it will be done by amendment.

"Of course the crux of the whole business is for the initial bank to discharge its duty."

It thus appears that an attempt will be made to incorporate into any proposed legislation to improve the bill of lading as an instrument of credit the proposition, as modified, that it shall be the duty of the initial bank, before accepting any such bill, to first ascertain by actual inquiry and investigation that the shipment has been delivered to the carrier, with severe criminal and civil penalties for non-compliance. The proposed act goes into no detail as to how this suggested duty is to be performed; for instance, if the bank should send to the freight office and make inquiry of the agent concerning a particular shipment and receive the reply "Why, yes, we received such a shipment, it was in car so and so which left here last evening" would this satisfy the requirement? It is easy to suppose numerous conditions where at the time the security is offered to the bank and inquiry is made, the actual shipment has left the station, or where the station at which the bill is issued is miles away from the location of the initial bank, on which it would be utterly impracticable for the initial bank to do anything more than make inquiry of the freight

agent personally or by mail, even assuming the making of such inquiry was not in itself an inconvenient burden upon the bank. And reasoning this down to the conclusion that it would be impossible for the initial bank in a multitude of cases to see or inspect the actual goods shipped and that the most which could be done in any event would be for the bank to make inquiry of the local freight agent and take his word that the goods had been actually received and shipped, then we reach the further conclusion that any such inquiry would be wholly futile and unnecessary for the reason that the freight agent who has signed and issued the bill of lading, has already thereby certified over his signature that the goods have been received and to make further inquiry of him concerning the same fact would elicit nothing more. Aside also from considerations of impracticability, it would be subversive of all principles underlying negotiable paper that the purchaser for value be compelled to look into secret equities between the issuer and the one to whom issued; the benefits which banking affords trade depend upon the fact that the purchaser for value is only charged with knowledge of what appears on the face of the paper and such benefits could not be extended, if, upon every instrument of credit, offered for discount, the purchaser had to investigate its past history and the truth of the facts which it represents.

For these reasons thus crudely expressed it seems that a requirement of law that a bank, before advancing value upon the security of a bill of lading, must first ascertain by actual inquiry and investigation that the shipment has been delivered, would be utterly impracticable and contrary to all commercial usage and that this is true of the initial bank equally as of any other bank; further if such a requirement was ever imposed, it would result in the refusal of banks to make advances and a consequent crippling of the facilities of shippers.

The above is published especially for the attention of initial banks at shipping points who, by this proposed legislation, are sought to be charged with such duty of inquiry and investigation. In this connection it would be very desirable when the Adamson bill comes up for hearing, that those who oppose the proposition creating this duty should be in possession of concrete facts and reasons showing its unwisdom and its impracticability in a variety of situations. To this end, all banks at initial shipping points who are engaged in the business of purchasing bills of lading drafts from shippers are requested to communicate to General Counsel a few lines describing their local situation and showing the impracticability of a requirement of actual inquiry and investigation before accepting bills of lading as security for drafts. In brief, letters are requested covering the following points:

1. Facts or conditions demonstrating the impracticability of the initial bank "first ascertaining by actual inquiry and investigation that the shipment described in the bill of lading was really delivered to the carrier whose agent purported to have signed the bill of lading."
2. The effect on commerce of the enactment of such a requirement; to what extent it would cripple shippers in obtaining needed accommodations upon their bills of lading.

Kindly address replies to Thomas B. Paton, General Counsel, A. B. A., 11 Pine Street, New York City.

#### OVERDRAFTS.

**I**N the January issue we published a form of circular letter, prepared and forwarded by a national bank in Wyoming to customers who overdraw their accounts, the thought being that it contained a useful suggestion which might be adopted by other banks who were troubled with overdrawing customers.

The President of a Kansas bank, referring to the article in the January issue, sends us a form of letter and circular used by his institution in cases where customers have overdrawn. We publish these forms below as indicating another method toward the same end

#### FORM OF LETTER.

Dear Sir.—Our bookkeeper after posting your account to date informs me that your account appears to be overdrawn to the amount of.....

I will thank you to please look over the account and advise me at once if our books are correct and if not, please present your pass-book to be balanced which will enable us to locate the difference in our accounts.

Yours truly,

.....  
President.

#### CIRCULAR.

As to Overdrafts.

Since it is our business to be of value to this neighborhood and to everyone in it that wants to make use of our services, we are glad to extend every courtesy to our patrons that we can. It is a pleasure to accommodate those who need help, and, in the long run, it helps us to do so, so long as we do not have to go outside the limits of good banking.

There is one kind of accommodation, however, which we do not believe our patrons ought to ask us to grant. Once in a while a depositor whose account is low will write a check on the bank for more money than he has in it. He may not know that the check is too large, or he may intend to deposit more money before the check is presented and then fail to do so. But, whether he acts through carelessness or not, it puts the bank in an unpleasant position. The bank does not like to refuse to pay a small "overdraft," as this is called, but it is decidedly not good business to do so and may cause a loss, even if the depositor has the best intentions in the world.

And so we should like to ask all our customers to keep the amount of their bank accounts in mind and not to write any check for a sum larger than their balance. We will be glad to balance pass books every month, so that everyone can tell just how much he has at any time. Overdrafts are only an indication of a loose way of handling business affairs, and the good business man seldom or never allows himself to make them. It is even more to your interest than to ours to avoid them, as the habit of carelessness which they help to form is sure to affect you in all your other activities.

When your bank account is once started, it pays to know to a dollar how much it amounts to. You then know just how far you can go in your expenditures without running into debt. The best plan, of course, is to keep your account so large all the time that there will be no danger of its being wiped out. But, if this is impossible, the next best thing is to take care that it does not get past the zero mark.



OPINIONS BY GENERAL COUNSEL.

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

GRAIN WAREHOUSE RECEIPTS.

Warehouse receipts issued by grain warehouseman on his own goods in store are generally held invalid and are insufficient security to a bank as against the trustee in bankruptcy of the issuing warehouseman—Question considered as to how bank loaning money to grain warehouseman on his own grain in warehouse can obtain necessary security.

From Arizona.—The M Milling Co., a corporation organized under the laws of Arizona buys a great deal of barley and wheat. They have three warehouses and store their grain therein issuing warehouse receipts made out to the account of the M Milling Co., and to the M City bank as trustee. What I would like to know is whether in your opinion, or under the law, these warehouse receipts are absolute security in this way. And whether or not we could hold the grain as against the Trustee in Bankruptcy in case they should fail? In event you think these receipts insufficient security I would appreciate your idea or suggestion of a plan as to how this company could re-arrange their business so that warehouse receipts could be issued that would be valid security.

In my opinion it would not be safe for a bank to rely upon the security of warehouse receipts for grain, issued by a warehouseman upon his own grain stored in the warehouse, for in the event of bankruptcy the trustee for creditors would probably be held entitled to the grain as against the holder of the receipts; at all events unless there was some separation of the specific grain represented by the receipts and placing same under some degree of control of the pledgee bank.

The policy of the law is against allowing a person, while retaining possession of his own property, to create secret liens thereon which would defeat the rights of creditors. As stated in a Kentucky case where a bank took as security certain warehouse receipts issued by a manufacturing company upon its own goods in store which the bank contended were good as against creditors but the court held null and void: "It cannot be that the statute (on warehousemen) was intended by the legislature to receive a construction such as that contended for. Such a construction would utterly abrogate the registration laws as to personalty and would enable a man to pledge the piano in his parlor or the furniture in his room by a secret pocket lien, not required to be registered." (Bell v. Kentucky Glass Works Co., 106 Ky. 7).

The case of Fourth St. National Bank v. Millbourne Mills Co's, Trustee, 172 Fed. 177, is directly in point on the question you ask. There a contest between the trustee in bankruptcy of a grain warehouse and the bank holding grain and flour receipts issued by the warehouse on its own goods was decided in favor of the trustee. I make the following extracts from the opinion of the court:

"The present case arises out of an attempt, by the bankrupt, a milling company, to pledge its property for money advanced, while still retaining possession and dominion over it. The form

adopted was the issuing of so-called certificates, for so much grain or flour, in store at the mills; these certificates being issued to different parties, as collateral to loans, somewhat like ordinary warehouse receipts. The grain in question was contained in tanks, adjoining the mills, from which it was run to the mills, to be made into flour, by means of a conveyor, by simply unlocking a slide. It was drawn upon freely, in this way; no definite quantity being kept on hand, and there being no special arrangement with the holders of certificates, with regard to it, except that it was not to be reduced beyond the amount called for thereby. The fact is that it was a shifting quantity, sometimes running far below this, although sometimes possibly above it; there being certificates outstanding at the time of bankruptcy for 133,000 bushels, while there were but 83,000 bushels on hand. The difference is ascribed to the depredation of insects, by which the grain became heated and lost weight; but it is difficult to see how 55,000 bushels could have disappeared in that way. Nor is it material, the fact being, from whatever cause, that it was not there \* \* \*. It is clear upon this showing, that the certificate holders have no case. The certificates, admittedly, cannot be sustained as warehouse receipts, however they may bear that form. A man cannot make a warehouse of himself as to his own goods. Bank v. Kent Mfg. Co., 186 Pa. 556; Security Warehousing Company v. Hand, 206 U. S. 415. Neither, there having been no delivery of the property, was there a valid pledge. The lien of a pledge, undoubtedly, is preserved in bankruptcy. Hiscock v. Varick Bank, 206 U. S. 28. But to have this so, the essentials of a pledge must appear, to which possession is indispensable; there being no lien, as there is no pledge, without it \* \* \*. It is true that a symbolical or constructive delivery is recognized in favor of articles of great bulk or difficulty of handling; but the policy of the law is against the relaxation of the rule. Sholes v. Asphalt Company, 183 Pa. And even as to these there must be a surrender of dominion and a setting apart of the property, with such distinctive marks as will serve to indicate that, while in the apparent possession of the owner, it is not in fact his. Philadelphia Warehouse Company v. Winchester (C. C.) 156 Fed. 600. As is well said by Judge Bradford in that case, there must be enough to negative ostensible ownership, nothing of which is to be found here. The grain in question was a shifting quantity, sometimes more and sometimes less; the number of bushels called for by the several certificates being also simply an undivided portion of the general mass. No specific part was set aside to any particular holder, and much less was there anything to distinguish that it was his. It was his on paper; that is all. And he had to take his chances whether it would be all there when he wanted it, as in the end, from whatever cause, it was not. Most significant, however, of all it was open at all times, to be drawn upon as it freely was, to be manufactured into flour; and it was thus not only retained in the immediate and undistinguished possession but in the complete and unrestricted dominion and control of the owners, who, to meet the needs of their business, converted and sold it at one end faster than it was replaced at the other. This never has been and never will be regarded, by the most liberal construction, as meeting the requirement of delivery, so as to create a valid pledge."

Reaching the conclusion that the taking by a bank of warehouse receipts issued by a milling company upon its own grain would not be a good security

against creditors, you ask for a suggestion as to how the company could re-arrange its business so that such warehouse receipts can be issued as valid security.

One way seems to be pointed out in the opinion just cited. In case of articles of great bulk or difficulty of handling, the setting apart of the property with sufficient surrender of dominion to negative ostensible ownership of the milling company and sufficient distinctive marks to indicate that while in the possession of the milling company, the property is in fact pledged to the bank. I do not know whether this would be practicable in case of the milling company in question, where the grain is probably a constantly shifting quantity.

Another suggestion is the possibility of working out a plan through the instrumentality of a recorded chattel mortgage on all grain in store and to be acquired, to be taken by the bank as security for the receipts. In *Arizona (Kastner v. Fashion Livery Co., 85 Pac. 120)* a chattel mortgage may include property to be acquired after its execution, provided the language used is apt and clear to indicate such purpose. But the Arizona statute (R. S. Sec. 3283) provides that "every mortgage \* \* \* by the owner of any stock of goods, wares or merchandise, daily exposed to sale in parcels, in regular course of business of such merchandise and contemplating a continuance of the possession of said goods and control of said business, by sale of said goods by the owner, shall be deemed fraudulent and void." Whether this would be construed to cover a chattel mortgage by a grain warehouseman on all his own grain in warehouse, is questionable. Without going thoroughly into the question of efficacy and legality of a chattel mortgage in a case such as stated, I am simply suggesting the possibility of security being obtained in this way, as matter for consideration.

A further suggestion is the procuring of legislation which would validate grain receipts issued by a warehouseman upon his own grain in store, by providing a system of registry of all receipts issued, either in some public office or by posting at warehouse. The protection of creditors and others dealing with the owner of goods in his own possession without notice of any lien or encumbrance thereon, is the underlying reason why a warehouseman cannot issue a valid receipt for his own goods and a law providing publicity by registration would remove the reason for invalidity. In this connection it might be well to examine the Kentucky Warehouse Act and the system based thereon. That Act provides for the negotiability of warehouse receipts and contains separate and detailed provisions governing distilleries and grain, oil, and tobacco warehouses. The special provisions for grain warehouses include license and bond, form of grain receipts, prohibition of issue without grain and provisions for weekly posting of receipts and deliveries at the warehouse or with the registrar of warehouses in any county where there is such a registrar. Under this system the Kentucky courts hold that valid receipts may be issued by a warehouseman upon his own goods stored in his warehouse (*Cochran v. Ripy, 76 Ky. 495*). The case of *Bell v. Ky. Glass Works Co.* which I have referred to above, does not negative this, but the court would

not extend the statute to warehouse receipts issued by a corporation not engaged in the warehouse business.

The Uniform Warehouse Receipts Act has been forwarded to the Legislative Committee of the Arizona Bankers' Association, with other acts suggested for enactment in your state. But this act, as it stands, would not help the situation described for it defines a warehouseman as "a person lawfully engaged in the business of storing goods for profit" and provides that "warehouse receipts may be issued by any warehouseman." Under this the rule would still operate that a person or corporation cannot be a warehouseman of his own goods so as to issue a valid receipt therefor.

When this act was enacted in Maryland in 1910 it was amended by adding a provision validating receipts of distilleries, although since such enactment the Federal courts have decided that whiskey receipts issued by a distillery upon its own whiskey are valid and an exception to the rule laid down in the *Millbourne* case wherein grain receipts issued by a warehouseman upon his own grain were held invalid as against the trustee in bankruptcy.

I would suggest, when the Uniform Warehouse Receipts Act is presented to the legislature of Arizona, as I understand it will be, that there be framed in proper language an additional provision which, in substance, would validate receipts of warehousemen, whether or not issued for their own grain in store, upon a proper system of registry of such receipts.

#### CHECK TO A OR BEARER.

Payment by bank to bearer without A's indorsement valid—A, not receiving money, is the loser.

From Illinois.—Kindly give us your opinion as to who is the loser on check, copy of which is enclosed, as the party to whom it is made payable, did not receive payment and it was first indorsed by the State bank of C. (Check enclosed is payable to A or bearer and contains indorsements (1) Bank of C to Bank of P (2) Bank of P to Bank of X (3) Bank of X to any bank or banker and contains paid stamp of bank on which drawn).

The loser on the check would be the party to whom it is made payable and who did not receive payment. The Negotiable Instruments Law provides that "The instrument is payable to bearer \* \* \* when it is payable to a person named therein or bearer" and further provides: "Where an instrument, payable to bearer, is indorsed specially, it may nevertheless be further negotiated by delivery; but the person indorsing specially is liable as indorser to only such holders as make title through his indorsement."

The check being payable to bearer did not require the indorsement of the party named as payee or bearer and payment without such indorsement was valid. Although the party so named as payee lost the check and did not receive value for it, she is nevertheless the loser on a check of this character.

**GARNISHMENT OF BANK ACCOUNT.**

**Garnishment takes precedence over checks dated before but not presented until after service of writ—Deposits made after service not covered.**

From Illinois.—In case a Garnishee Summons is served on us for a depositor's balance, can we pay and charge to customer's account checks that are presented after garnishee is served, such checks bearing date previous to date of service of Garnishee Summons?

Suppose A to be a depositor of ours, B gets judgment against A and has a garnishee summons served on us for A's account. The garnishee summons is served on us January 10, 1912, A having a balance of \$40 to his credit. On January 11, 1912, we receive by mail from a Chicago bank a check drawn by A for \$10 dated January 8, 1912. On January 12, 1912, we receive through clearance with another bank in our town a check drawn by A for \$5 dated January 8, 1912. Can we pay these checks and charge them to A's account, deducting them from his balance of \$40 on January 10, 1912.

Would deposits made between January 10, 1912, and the date of hearing in court (say January 25, 1912), be covered by the garnishee summons.

The garnishee summons, when served, takes precedence over checks dated and issued before, but not presented to the bank until after the date of service of the summons. It was formerly the law of Illinois that the giving of a check on a bank constituted an assignment of the deposits to the payee, but this rule has been changed by the Negotiable Instruments Law under which "a check of itself does not operate as an assignment of any part of the funds to the credit of the drawer with the bank, and the bank is not liable to the holder, unless and until it accepts or certifies the check."

It follows that, having a balance of \$40 on January 10th, the date of service of summons, the bank can be held for that amount to the judgment creditor and has no right to pay and charge against such balance, the two checks presented on January 11th and 12th, although dated January 8th which was before service of the summons.

As to your further question whether deposits made between the date of service of the summons and the date of hearing in court would be covered by such garnishee summons, would say I understand the rule to be that an indebtedness created after the writ is served is not covered. For example, it has been held in Michigan that the right to hold a garnishee depends upon the garnishable character of the attached claim at the time of serving the process; a subsequent change in its status not enlarging plaintiff's rights. *Old Second National Bank v. Williams*, 112 Mich. 564. Without taking time for the examination of authorities elsewhere, I presume the same rule holds good generally.

**COMPETENCY OF NOTARY.**

**Assistant Cashier of National bank in California is competent, as notary, to protest paper for bank where not a stockholder of institution.**

From California.—Under the laws of the state of California is a Notary Public, who is Assistant Cashier of a national bank, a proper person to protest paper for said bank?

The assistant cashier of a national bank in California, who is a notary public, would undoubtedly be held qualified to protest paper for the bank where he was not a stockholder of the institution; and the courts in some states have held that even the owning of stock does not disqualify him to protest the bank's paper, making a distinction in this respect between the making of protest and the taking of acknowledgments of instruments running to the bank.

In *Bank of Woodland v. Oberhaus*, 125 Cal. 320, in which the court held that a notary, who was cashier of the bank but not a stockholder, was not disqualified to take an acknowledgment of a mortgage given to the bank, the following language was used: "it has been held that notaries public where attorneys or agents of parties, were not for that reason disqualified in taking acknowledgments and in protesting bills, where they were not pecuniarily interested in the transaction."

**COMPETENCY OF NOTARY.**

**In Kansas a notary, though a stockholder, officer or employee of a bank, is competent to take acknowledgments of instruments executed to or by such bank except where he acts himself in behalf of such bank.**

From Kansas.—Can you inform me whether it is lawful and correct for an officer of a bank, say cashier, or assistant cashier, being a stockholder, to acknowledge as a Notary Public chattel or real estate mortgages running direct to the bank.

If the above is not lawful or proper would it be permissible for the president, being a stockholder, to take the acknowledgments, provided he does not have anything to do with paper so far as the bank is concerned? I mean as to making the paper out.

By chapter 311, laws of 1905, the legislature of Kansas amended the act respecting notaries public by adding to the provision giving notaries authority to take acknowledgments and administer oaths, the following:

"Including the acknowledgment of any such instrument when executed to or by any corporation, or the administering of oaths to officers, agents or employees of corporations in which any such notary public may be interested as a stockholder, officer, or employee; provided, that no such notary public shall take an acknowledgment or administer an oath when acting himself in behalf of such corporation."

From this you will see that a president, cashier or assistant cashier, being a stockholder, would nevertheless have authority to take the acknowledgment as a notary public of chattel or real estate mortgages running direct to the bank, provided such notary is not himself acting in the transaction in behalf of the bank. In other words, if an officer represented the bank in negotiating a loan and making papers out, I construe the statute that he would not then be competent to acknowledge the mortgage as notary, but the acknowledgment would have to be taken before an officer, as notary, who did not so act in behalf of the corporation.

INTEREST CLAUSE.

Three years' note "with interest at rate of 8 per cent. per annum from date until paid" does not call for interest payable annually but only at maturity of principal.

From Oklahoma.—We recently received for collection a note, a copy of which I enclose:

No. 3. \$220.00  
Okemah, Okla., Dec. 22, 1908.

On Dec. 22, 1911, after date, without grace, I, we, or either of us, promise to pay to the order of Sam T. Palmer, Two Hundred and Twenty Dollars in current funds, for value received with interest at the rate of 8 per cent. per annum from date until paid, interest to become as principal when due and bear the same rate of interest.

S. F. BEETS.

We collected straight interest for three years but the owner came back at us claiming that this interest should have been compounded annually.

While the amount involved in this case is small we hate to lose it, and besides we would like to have your opinion as to what is right in the matter.

I think that in collecting the principal and three years' straight interest, at the maturity of the note, you obtained all that the owner was entitled to; in other words, that the interest was not payable annually on this note but only at maturity of the principal. It has been held in several cases where a note provided "with interest from date at the rate of 8 per cent. per annum" and did not contain the words "payable annually," that the interest is not payable until maturity of the note. In *Koehring v. Muemminghoff*, 61 Mo. 403, the note was payable five years after date "with interest from date at the rate of 8 per cent. per annum." The court said: "No different time is fixed for the payment of the interest from that fixed for the payment of the principal secured to become due by the note. In such a case, both principal and interest become due at the same time; in fact the promise plainly is to pay the principal, with the interest, five years after the date of the note. The words 'with interest at the rate of eight per cent. per annum,' only fix the rate of interest to be calculated on the note, and have nothing to do with the time that it shall be paid."

In *Ramsdell v. Hulett*, 50 Kan. 440, where a three-year note provided "with interest at eight per cent. per annum after date until paid," the Supreme Court of Kansas said: "strictly speaking, the words 'per annum' mean by the year, or through the year, but we must construe the note as an entirety. It is a promise to pay a stated sum of money, with the interest thereon, at eight per cent. per annum. This, we think, means that the principal and interest are due and payable at the same time."

In *Tanner v. Investment Co.*, 12 Fed. Rep. 648, the court also said: "It is too plain for argument that no interest is due on a promissory note payable at a future day, with interest at a certain rate per annum, until the principal sum is due. The promise to pay the interest is to pay it with the principal at the time the latter becomes due; and if the holder of a note claims that interest is due and payable thereon during the period the note has to run, he must show some special provision or agreement to that effect before his claim can be allowed."

In the note submitted, there is no provision that the interest shall be paid annually. It provides for the payment of the principal "with interest at the rate of 8 per cent. per annum from date until paid." Under the decisions this clearly means that the interest is not payable until maturity of the principal. The note further provides "interest to become as principal when due and bear the same rate of interest." But there is nothing in this which provides that the interest shall become due or be payable annually. The interest is due at maturity of the note, not before; then if not paid, it becomes as principal and bears the same rate of interest.

I think, therefore, that you collected all that the owner was entitled to on this note.

ORAL ACCEPTANCE.

Is valid in Texas though most states, by statute, require acceptances to be in writing—Question considered whether "let him draw draft then," communicated over telephone, is under circumstances of case, binding on bank as acceptance.

From Texas.—In December an out-of-town bank telephoned us (an unincorporated bank in Texas) that a party wanted to draw on us for \$35. We informed them that while party had had an account with us, he at this time had no balance, and the transaction would not be satisfactory. The bank read a letter, signed by the party wanting to draw, stating that he would be here before the draft reached us, and would secure us for the amount by executing deed of trust on certain property. We replied, "let him draw draft, then," meaning that the draft would be paid if drawer complied with conditions stated in the letter. The bank now writes us that they will bring suit unless we pay draft, which we refuse to do, since the drawer has never appeared, and is now in jail in the town where the paying bank is located.

Would we be safe in standing suit? Did not our statement that party had no balance with us constitute sufficient notice to them? Could we hold them to the "acceptance must be in writing" clause?

In the state of Texas, an oral acceptance or promise to pay a check or bill of exchange may be enforced. *Newmann v. Schroeder*, 71 Tex. 81 (decided by the Supreme Court in 1888 and followed in subsequent cases). This is the rule of the law merchant which still prevails in a few of the states but in a very large majority, to avoid the opportunity for fraud and perjury in connection with alleged oral acceptances, statutes require that acceptances must be in writing. The Supreme Court of Texas in the case cited expressed the view that oral acceptances often present an evil which should be obviated by a requirement that acceptances be in writing but that it is for the legislature and not the courts to provide the remedy saying: "If the legislature be of opinion that verbal acceptances or promises to pay bills of exchange and like instruments ought not to be sustained, a statute so declaring will doubtless be enacted." Texas has not yet enacted such a statute and bankers in that state should urge the enactment of the Uniform Negotiable Instruments Law, one of the provisions of which requires that acceptances must be in writing.

An oral acceptance being valid under the law of Texas, the question presented is whether the reply of

the bank "let him draw draft then" under the circumstances stated, would be held binding upon it as an acceptance? Was it an absolute promise to pay the draft, based upon the drawer's promise that he would arrive before the draft and secure the bank in advance; or was it a conditional promise that in the event the drawer came to town and secured the bank as stated, the draft would be paid. If conditional, the condition not being performed, there is no liability. I am inclined to the opinion that the promise should be construed as conditional; that where A phones B saying that C wants to draw on B and is informed that C has no credit with B and A thereupon reads a letter from C stating that he will be at B's place before the draft reaches and will give security for the draft, to which B replies "let him draw draft then," B's reply in reasonable construction must be taken to mean that if C does what he says he will do, B will pay the draft. It is furthermore the rule of the law merchant that an oral acceptance must evince a clear intention on the part of the drawee to bind himself to pay the draft at all events and that equivocal language will not suffice. I think, therefore, that if the bank is sued it will have a good defense.

#### "DUPLICATE UNPAID."

##### Effect of these words on a draft.

From South Dakota.—What effect do the words "Duplicate Unpaid" have on a draft?

The words "duplicate unpaid" do not affect the negotiability of a draft but they constitute notice to the purchaser of the existence of a second draft, payment of which would discharge the draft he is buying. In *Merchants Nat. Bank v. Ritzinger*, 118 Ill., 484, the court held that the words "second unpaid" did not make the draft conditional and that this was true not only of foreign bills of exchange but of checks. It said: "The practice of making more than one copy of an instrument ordering or requesting the payment of money, we concede is generally confined to foreign bills of exchange; but there is nothing in our opinion, in the purpose or effect of that practice, which should render it inapplicable under all circumstances to checks. The purpose is to guard against loss or question in case of miscarriage, the chances of the bill reaching, in due season, the party to whom it is transmitted being increased by the number of copies. But this does not render the instrument a conditional one in any sense. The whole of the sets constitutes in law but one bill and therefore payment or cancelling of either of the sets is a discharge. The essential characteristic of a check is that it shall be instantly payable on demand and that demand is effected unconditionally the moment either copy is presented." See also *Roswell Mfg. Co., v. Hudson*, 72 Ga. 24. The Negotiable Instruments Law which, although not yet in force in South Dakota, can be regarded as a codification of the common law rules on the subject, provides that bills drawn in parts or sets constitute one bill; that where parts are negotiated to different holders, the holder whose title first accrues is the owner as between such holders, not affecting, however, the right of

the acceptor or payor of the part first presented; that a holder who indorses more than one part is liable on each part indorsed; that an acceptance may be written on any part and should be written only on one part and if more than one part is accepted, the acceptor is liable to holders in due course of each such part; that payment by an acceptor of a part other than the one accepted without taking up the accepted part, leaves the acceptor liable to a holder in due course of the latter; and that except as above provided, the discharge of one part by payment or otherwise discharges the whole bill.

#### STOP PAYMENT ORDER.

In South Dakota differing from most states, check constitutes an assignment and drawer has no power to countermand after check reaches bona fide holder.

From South Dakota.—Is the drawee bank bound to respect the stop payment order of the maker of a check on it if sufficient funds are on deposit, provided the check was legitimate at the time it was given.

Differing from the rule in the far greater number of states, the Supreme Court of South Dakota has declared the doctrine that a check constitutes an assignment and one of the consequences of the doctrine is that the drawer has no power to countermand his check after it reaches a bona fide holder. See *Turner v. Hot Springs Nat. Bank*, 18 So. Dak., 498 following *Munn v. Burch*, 25 Ill., 35. The point decided in the South Dakota case was that a bona fide holder of a check may sue the bank to recover its amount after demand and refusal to pay. While it has never been expressly held in South Dakota that the drawer has no power to stop payment of his check, it has been held in Illinois that after a check has passed into the hands of a bona fide holder it is not in the power of the drawer to countermand the order of payment. *Union Nat. Bank v. Oceania Bank*, 80 Ill., 212. The doctrine that a check is an assignment has been overturned by the Negotiable Instruments Law in Illinois but still prevails in South Dakota.

#### CHECK "WITH EXCHANGE."

Where check drawn merely "with exchange" without specifying exchange on another place, face of check is proper sum payable.

From South Dakota.—On a check drawn with exchange can the drawee bank refuse to pay collecting bank the customary exchange charge, and if so would the check be subject to protest.

It has been held by the courts where a check is drawn merely "with exchange" without specifying that this exchange is on another place, that the words "with exchange" are meaningless as there is no exchange in such a case and the face of the check would be the proper sum payable. Where, however, the check is drawn "with exchange on New York" or "with exchange on Chicago" or on any place other than that where the draft is payable, then the sum

payable is the face of the check plus the exchange and a refusal of the drawee bank to pay the collecting bank the customary exchange charge in such case would authorize a protest of the check.

**CHECKS RECEIVED FOR DEPOSIT AND MIS-PLACED.**

**Opinion that, after seven months delay, bank cannot refuse to give customer credit before obtaining duplicates.**

From North Carolina.—Smith sends by mail to this bank, a batch of checks on March 30th, 1911, for deposit. They reach us alright, and we acknowledge receipt on one of our regular cards; but in some mysterious manner, they were misplaced before we entered them on our books to his credit. We rendered him statement a couple of days after the deposit should have been put to his credit, of course not showing this deposit, and one every month thereafter. He let the matter stand until seven months after, and then asked for credit of these items contained in the deposit of March 30th. We claim he is bound to furnish us duplicates of the checks, and he claims not; more for the reason that he did not keep a copy of the checks sent us, and as we had not run them through our books, we could not tell him whose checks they were.

Will thank you to tell us our obligation in the matter.

I think under the facts stated your customer, Smith, is entitled to a credit of the amount of these checks and is not bound to wait until you obtain and collect on duplicates. If under your arrangement with him you took title to the checks upon receipt you became immediately debtor to him for their amount. If on the other hand you took the checks for collection, the long delay without collection would I think be held to make the checks your own and make you responsible to him for the amount. True, you forwarded him seven monthly statements of account in each of which there was an omission of credit, without notice on his part until the end of the seven months; but having received acknowledgment of receipt of the checks it would have been just as reasonable for him to assume that you had collected them and failed to give credit as that you had lost them before collection, so that I do not think his delay in giving notice that the account was incorrect would be held, under the circumstances, to estop him from looking to you as debtor for their amount.

If I am correct in the above, then you owed your customer the amount of the checks and are owner thereof with such rights as are incident upon ownership. The checks having been misplaced, your position is that of owner of lost instruments with right to obtain duplicates or written particulars thereof from the parties liable, upon which presentment can be made and upon dishonor, recourse had upon such parties. I am inclined to think there would be no recourse upon your customer as indorser or other prior indorsers owing to the delay in presentment. The Negotiable Instruments Law provides that "delay in making presentment for payment is excused when the delay is caused by circumstances beyond the control of the holder and not attributable to his default, misconduct or negligence. When the cause of delay ceases to operate, presentment must be made with

reasonable diligence." Whether prior indorsers could still be held would depend upon whether your bank would be held free from negligence under the circumstances. Having acknowledged receipt of the checks, I fear it would be held negligent not to have kept some record or memorandum which would have apprised the bank officers that the checks had been received and not yet collected, and led to early discovery of the fact that they were missing.

But irrespective of whether you could hold indorsers, you would have recourse upon the drawers after presentment and notice of dishonor, for the latter are not absolutely discharged by delay in presentment but are only "discharged from liability to the extent of the loss caused by the delay" and if the drawee banks remain solvent there is no loss to the drawers.

In order, therefore, to make presentment for payment, you require duplicates or written particulars and, not having the necessary information in your own possession for this purpose, I think that in a court of equity, your customer, Smith, even though discharged as indorser would be held under obligation to give you what information was in his power to enable you to supply what is lacking. You state he kept no copy of the checks but doubtless his books would enable him to ascertain from whom he received these checks and their amounts. If he was unable to tell the banks on which drawn, this information could be obtained from the respective drawers of the checks.

My opinion, therefore, is that while you cannot refuse giving him credit for the checks until you obtain duplicates, there is an equitable obligation on his part to give you all the information in his power to enable you to frame duplicates or written particulars upon which you can make presentment for payment, give notice of dishonor, and ultimately look to the respective drawers for payment, giving such indemnity as may be necessary to safeguard them against double liability.

**PASSBOOK CREDIT.**

**Prima facie evidence of receipt of deposit and bank may show as against depositor that credit was given by mistake or for an invalid item—Holder of unaccepted check has no right of action against bank.**

From Colorado.—In October last we cashed several checks for a party drawn on a bank at Sulphur Springs, Colo., on the strength of a pass book given to him by that institution showing a credit of \$300. The checks were later returned to us by the Sulphur Springs bank, dishonored, with the information that the draft for which they had given him credit proved to be dishonored. Will you kindly advise me if, under the circumstances, the Sulphur Springs bank can be held for checks drawn on it up to that amount, in view of the fact that they gave the party credit for the item deposited with it?

I do not see, under the circumstances you state, how the bank at Sulphur Springs can be held by you for the amount of the checks which you cashed. The passbook, showing a credit of \$300 to the drawer of the checks, is not a letter of credit nor is it anything more than prima facie evidence of a deposit by the drawer of that amount. The bank has a right to show, as

against the depositor, that the credit was given by mistake, or for a draft that was subsequently dishonored or that the credit has subsequently been paid out on valid orders of the depositor. See, for example, *Talcott v. First Nat. Bank*, 53 Kan. 480; *Bank v. Clark*, 134 N. Y., 368; *Lucks v. Northwestern Sav. Bank (Mo.)*, 128 S. W., 19. Furthermore, a check not being an assignment under the Negotiable Instruments Law, the holder of an unaccepted check has no right of action against the bank in any event upon its refusal to pay, his sole recourse being against the drawer or other prior party.

For these reasons, I fail to see that you have any claim against the bank upon which these checks were drawn.

**OVERPAYMENT BY BANK.**

**Facts in a case of overpayment considered—Procedure by bank to recover money.**

From Illinois.—Please inform us if there have been any decisions, court or otherwise, in regard to overpaying a person on account. The case is as follows: A person hands in several checks, the total of which amounted to several hundred dollars and from this amount a note and interest was deducted, the proceeds being returned to the person in cash. In figuring the transaction an error of thirty dollars was made, and this amount was overpaid to the customer. This error was proved both in the day's balance and in the original figures, but the person refuses to acknowledge that the money was paid to her.

Please advise us the method of procedure in a matter of this nature and if you think the case can be proven.

I assume that the person referred to has no credit balance in bank against which this \$30 can be charged and that in any action for the amount the bank would be a plaintiff rather than a defendant. The proper procedure then would be for the bank to bring an action against the person receiving the money in a local court for the trial of small cases where the costs would be nominal, and I think on the facts stated, the bank would have a good case to obtain judgment. As I understand, the error was made in the original figuring of so much received and so much deducted and this resulted in an incorrect excess balance of \$30 which was paid over. These being the facts, the case is stronger for the bank than if the balance was correctly struck and the error consisted in overpaying the amount of the stated balance, for the teller's testimony of over-payment is not only verified by the bank's daily balance but also by the original figures.

You ask for a reference to decisions concerning over-payment of a balance on account. The right of recovery rests upon the general rule, supported by numerous cases, that payment by mistake of fact may be recovered. I have not time to search for precedents analogous to the facts of your particular case. *James River Nat. Bank v. Weber*, 124 N. W., 952 (N. D.), can be consulted as an interesting case of a disputed over-payment by a bank to a customer wherein the fact that the bank's books were out of balance by reason of the alleged over-payment weighed as evidence in favor of its contention as against the claim of the customer. The Court said that there was

a preponderance of evidence in the bank's favor upon the vital question in dispute. See also *Manufacturers Bank v. Perry*, 144 Mass. 313.

**NOTE WITH JUDGMENT AND OTHER CLAUSES.**

**Opinion that note valid and negotiable—Effect of clause waiving demand, protest and notice.**

From Delaware.—I am enclosing you form of note we are using:

No..... Due.....  
 \$..... Laurel, Delaware.....19....  
 .....months after date..... promise to  
 pay to the order of .....at  
 THE BLANK NATIONAL BANK, OF LAUREL, DEL.  
 ..... Dollars  
 without defalcation, value received.

And further, if default be made in the payment of this note at maturity.....hereby authorize and empower any Justice of the Peace, Clerk, Prothonotary or Attorney of any Court of Records, within the State of Delaware, or elsewhere, without process, to enter judgment for the above sum, with lawful interest from the due date, and the cost of suit, together with ten per cent. collection charges, and to issue immediate execution on said judgment, hereby releasing all errors in said judgment and in the execution to be issued thereon. And the makers and indorsers each hereby waive demand, protest and notice of non-payment hereof.

Witness our hands and seals the day and year aforesaid.

Witness .....(seal)  
 .....(seal)

I would like your opinion as to the legal form, and also, whether or not you think it would be necessary to protest a note in this form in order to hold the endorsers.

The form of note you enclose is a valid instrument and is negotiable under the provisions of the Negotiable Instruments Law enacted by the Delaware Legislature in 1911. In view of the fact that it contains a waiver of demand, protest and notice, it is not necessary to protest the note in order to hold indorsers. Formal protest, as distinguished from demand and notice, is not necessary in any event, being only required in case of foreign bills of exchange; but demand of payment and notice of dishonor are necessary to hold the indorser of a negotiable instrument unless waived. In your note there is an express waiver of demand, protest and notice. The Negotiable Instruments Law provides that "where the waiver is embodied in the instrument itself, it is binding upon all parties; but where it is written above the signature of an indorser, it binds him only." Furthermore, "a waiver of protest, whether in the case of a foreign bill of exchange or other negotiable instrument, is deemed to be a waiver not only of a formal protest, but also of presentment and notice of dishonor." It is clear, therefore, in view of the provision in the body of your note, that neither demand, protest or notice is necessary to hold the indorser.

On the question of negotiability of the note it contains following the promise to pay, a judgment clause. This does not affect negotiability as the Negotiable Instruments Law provides that the negotiable character of an instrument is not affected by a provision which "authorizes a confession of judgment if

the instrument be not paid at maturity." The note also provides that 10 per cent. collection charges may be included in the judgment, together with cost of suit, with release of errors in judgment and execution. The Negotiable Instruments Law provides that negotiability is not affected by a provision for "costs of collection or an attorney's fee in case payment shall not be made at maturity" and I am of opinion that there is nothing in the provisions of the note as to issue of execution and release of errors which would be held to destroy the negotiability of the note, as these are all matters which arise after its maturity and are in aid of its collection. The clause waiving demand, protest and notice does not affect negotiability nor does the provision for a seal in connection with the signature of the maker. At common law the addition of a seal destroyed negotiability but the Negotiable Instruments Law expressly provides that "the validity and negotiable character of an instrument are not affected by the fact that it \* \* \* bears a seal."

Looking over the form of note presented, therefore, I would say that (1) it is a valid or legal form (2) it is negotiable under the Negotiable Instruments Law and (3) in view of the waiver clause, neither demand or notice is necessary to hold the indorser and formal protest would not be necessary in any event.

COLLECTION OF CHECK.

Courts hold collecting bank negligent in mailing check direct to drawee and responsible where loss results.

From Arkansas.—Below you will find copy of a letter received from our Little Rock correspondent this morning: viz.

"Gentlemen:

On October 27th we received from you in your cash letter, a check on the State Bank of G (Ark.) for \$112.60. We sent this to our Kansas City correspondent and they today advise us that the State Bank of G sent them St. Louis exchange in payment of this check, but the St. Louis bank declined payment on their draft on account of insufficient funds. In the meantime we are advised that the State Bank of G has closed.

Owing to the circumstances, we are unable to have the check returned, and the only evidence we will have will be the protested check of G's drawn on St. Louis, which they sent in payment. We are taking the liberty of charging this amount to your account and if we can assist you further in the matter, please let us hear from you.

Yours truly,

....."  
Asst. Cash.

This item of \$112.60 was received by us from our New York correspondent.

In your opinion, on whom should this loss fall?

Do you think our Little Rock Bank used due diligence in the collecting of this check?

In this case a New York bank sends a check on the State Bank of G, Ark., to a bank at H, Ark., which sends it to a Little Rock bank, the latter sends it to its Kansas City correspondent and the Kansas City bank sends the check direct to the drawee, receiving St. Louis exchange which is not paid because of the failure of the G bank drawee.

The question is upon whom should the loss fall? It has been held in both Missouri and Arkansas that it is negligence for a collecting bank to mail a check direct to the drawee, that this rule cannot be changed by custom and that the bank so sending takes the risk of loss. Bank v. Bank, 71 Mo. App. 451; O'Leary v. Abeles, 68 Ark., 259. Following out this rule, the courts would probably hold the Kansas City bank responsible and without the right to charge the amount back to the Little Rock bank if the loss was a result of this negligence; that is to say, if the G bank was paying checks over the counter at the time of presentation and the money could have been collected if the check had been sent to an independent agent in G. Possibly the Kansas City bank may have undertaken the collection under some notice or agreement expressly allowing it to send items to the drawee; in this event, assuming such an agreement valid in law, it would not be responsible, but one court has intimated that agreements of this character are against public policy and will not be enforced and the question of the validity of such agreements has yet to be settled by the courts. Possibly, again, the Kansas City bank might be able to prove that the check would not have been paid, even had it been forwarded for collection in a way recognized by the law as due diligence and if it could so prove, it might escape liability, for although negligent in sending to the drawee, no loss resulted therefrom. Aside from these exceptions, the liability for loss is generally fixed upon a collecting bank which sends an item direct to the drawee where the latter's remittance draft is dishonored by its failure.

Assuming for any reason the Kansas City bank is not responsible, then the question would be between the Little Rock bank and the bank of H, whether due diligence was exercised by the first named bank in sending a check on G, Ark., circuitously through Kansas City. All the earlier cases held that a method of circuitous presentment which enlarged by more than a day the time within which an item might be sent direct to an independent agent at the place of payment, was negligent; but later decisions, especially under the Negotiable Instruments Law (although this law is not in force in Arkansas) recognize the reasonableness of presentment through ordinary banking channels and are more liberal in their construction as to what is reasonable time. While the above is suggestive on the question of responsibility, a more complete statement of facts would be necessary for a positive opinion.





# PROTECTIVE DEPARTMENT



L.W. GAMMON

MANAGER

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

CALIFORNIA, LOS ANGELES.—Walter P. Story Building.  
 CALIFORNIA, SAN FRANCISCO.—First National Bank Building.  
 ILLINOIS, CHICAGO.—First National Bank Building.  
 INDIANA, INDIANAPOLIS.—425-426 Lemcke Building.  
 LOUISIANA, NEW ORLEANS.—Whitney Central Building.  
 MASSACHUSETTS, BOSTON.—201 Devonshire Street.  
 MINNESOTA, MINNEAPOLIS.—Bank of Commerce Building.  
 MISSOURI, KANSAS CITY.—Midland Building.  
 MISSOURI, ST. LOUIS.—Frisco Building.  
 NEW YORK, NEW YORK CITY.—21 Park Row.  
 OHIO, CLEVELAND.—444 Rockefeller Building.  
 OREGON, PORTLAND.—Board of Trade Building.  
 PENNSYLVANIA, PHILADELPHIA.—Real Estate Trust Building.  
 PENNSYLVANIA, PITTSBURGH.—Commonwealth Building.  
 WASHINGTON, SEATTLE.—308 Hinckley Block.

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

ARKANSAS, LITTLE ROCK.—W. L. Vick, 325 West Markham St.  
 GEORGIA, ATLANTA.—C. E. Sears, Atlantic National Bank Bldg.

IOWA, DES MOINES.—The Gust. J. Patek Detective Agency, 518 Mulberry Street.  
 IOWA, SIOUX CITY.—The W. C. Davenport Detective Agency, Iowa Building.

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

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

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

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

A young man giving his name as J. F. Harsh, appeared last month in Meadville, Pa., where he obtained funds on a check raised from one dollar to one hundred dollars. This party's description is given as 25 years of age, 5 ft. 8 in. tall, dark complexion, neatly dressed.

A party giving the name of J. C. Cooper, appeared a few weeks ago in Muskogee, Okla., and disappeared after cashing worthless checks in that city. He is 33 to 40 years of age, 5 ft. 11 in. tall, medium build, smooth shaven, dark brown hair, florid complexion. When last seen was dressed in long black ulster and black derby.

Early last month one F. W. Winslow, alias Geo. W. Henshaw, left Springfield, Ohio, after securing the cash on a worthless check. Winslow's description is given as 5 ft. 8 in. tall, heavy build, weighs 175 lbs., light brown hair, blue eyes, number of gold crowns in mouth. Winslow claimed to come from Boston, Mass., and represented himself as being employed by the National Liabilities Association.

One Heinrich Hermann is wanted in Aberdeen, S. Dak., where it is stated he forged the signature of a local advertising agency to a check on which he fraudulently obtained the funds. Hermann is said to be 5 ft. 9 in. tall, stout build, dark hair, dark moustache, wears glasses.

We are in receipt of advices from Raymond, Kan., to the effect that one W. R. Houston has operated in that city and in other parts of the Middle West, with worthless checks. Houston is 28 years of age, 6 ft. tall, weighs 165-175 lbs., blue or gray eyes, black hair, several gold crowns in upper teeth, smooth shaven, large cheek bones, mole on cheek. When last seen Houston wore a long dark gray overcoat, dark brown suit, leather cap.

We are advised that one B. W. Stem is wanted in Mechanicsburg, Pa., on a charge of issuing worthless checks. Stem is 22 years of age, 5 ft. 11 in. tall, weighs 150 lbs., light hair, blue eyes, smooth shaven, sometimes wears glasses. A specimen of his handwriting is reproduced below.

*Clarence Stem*  
*Forty six*  
*Aug 10 46*

C. H. Hewitt, representing himself as Secretary of the Royal Bath Appliance Co., is wanted in Hoboken, N. J., and Pittsburgh, Pa., in connection with fraudulent check operations. He is 33 to 35 years of age, 5 ft. 6 in. tall, dark complexion, smooth shaven. When last seen he wore a gray overcoat and soft hat. We reproduce below a specimen of Hewitt's handwriting:

*Clifford H. Hewitt*  
*Fifty five Hundred*  
*1500 and 00/100*

We are advised that the local authorities of Newton, Kan., hold a warrant for the arrest of A. C. Harris, who is said to be of Italian descent and is 25 years of age, 5 ft. 8 in. tall, heavy build, weighs 175 lbs., dark complexion, brown hair (worn long and bushy and parted in the middle).

The local authorities of Elida, New Mexico, hold a warrant for the arrest of Jim Hopkins, wanted in that city in connection with the passing of bogus checks. Hopkins is 20 years of age, 5 ft. 10 in. tall, weighs 160 lbs., dark hair, dark eyes, dark complexion. It is alleged that Hopkins forged the endorsement on a check and after obtaining the funds left for parts unknown. He is a good pool player.

Information comes to us from Omaha, Neb., that worthless checks have made their appearance in that city, payable to Wm. J. Randall and drawn on a Pittsburgh, Pa., bank.

John C. Muse is wanted in West Lebanon, Ind., where it is stated he fraudulently obtained funds on a promissory note bearing a forged signature. Muse is said to be 38 years of age, 6 ft. tall, weighs 160 lbs., smooth shaven, light eyes, light hair, slightly stooped, uneven teeth, inveterate cigar or pipe smoker, understands automobiles, and is an experienced mechanic.



SCHUYLER C. FARLOW.

We publish herewith a photograph of Schuyler C. Farlow, for whom a warrant has been issued in Munsey, Ind., in connection with several forged notes cashed for Farlow. He is described as 45 years of age, 5 ft. 8 in. tall, weighs 140 lbs., sandy complexion, sandy hair, smooth shaven, prominent sharp nose. His occupation is that of farmer.

One Mark C. Taylor, formerly engaged in the contracting business in Detroit, Mich., is now wanted in that city in connection with a swindle perpetrated by him, involving a worthless check for more than a thousand dollars. Taylor is 28 years of age, 5 ft. 8-9 in. tall, weighs 135 lbs., slim build, smooth shaven, light hair, sight of one eye seems defective, invariably wears glasses, makes a good appearance.

A young man giving the name of Robt. C. Battier is wanted in Louisville, Ky., where he has secured cash on a worthless check purporting to have been issued by his mother. Battier claimed to be engaged in the drug business at Memphis, Tenn. He is 28 to 30 years of age, 6 ft. tall, slender build, smooth shaven, dark hair, seemed to have a cataract in the left eye.

One Frank Loomis, alias Harry Stone, is wanted in Bakersfield, Cal., where, it is alleged, he obtained several hundred dollars through forging the signature of his employers (a local creamery company) to a number of checks. Loomis is 43 years of age, 5 ft. 7-8 in. tall, weighs 135 lbs., slim build, blue or gray eyes, long sharp nose, brown hair (very sparse), bald

on top of head, small light brown moustache, light complexion, teeth quite irregular, talks in a husky voice, inveterate cigarette smoker, heavy drinker. Loomis claims to be an engineer and machinist.

One J. R. Stone is wanted in Chicago, Ill., where cash was fraudulently obtained by him on a worthless check. Stone is 28 to 30 years of age, 5 ft. 8 in. tall, weighs 145 lbs., dark complexion, dark hair, dark eyes, smooth shaven.

It is stated that J. H. Schriver is wanted in different parts of the Middle West on a charge of circulating bogus checks drawn on a Mason City, Iowa, bank. Schriver was last heard of in Lancaster, Wis.

One E. W. Kelt is being sought in Portland, Ore., where he obtained the cash on a fictitious check. Kelt is 34 to 36 years of age, 5 ft. 11 in. tall, weighs 190 lbs., smooth shaven, full face. When last seen he wore a gray suit.



W. A. STONER.

One W. A. Stoner, employed until recently as dish washer and second cook in a Los Angeles, Cal., restaurant, is wanted in that city in connection with the cashing of two forged checks purporting to bear the signature of Stoner's former employer. Stoner is 45 years of age, 5 ft. 6-7 in. tall, weighs about 200 lbs., blue eyes, has a small scar on forehead, is a heavy drinker. His photograph is published herewith.

One J. D. Boaz, claiming to represent the Allison-Richey Company of Houston, Texas, is said to be wanted at Viola, Kan., where he has circulated a number of worthless checks during the past month.

A young man employing the name of H. E. Pearson is wanted in Tacoma, Wash., where a number of checks were cashed by him. These checks were drawn on a Tacoma bank and bore the forged signature of a depositor. Pearson is 25 to 30 years of age, medium height, dark complexion, weighs 160-170 lbs., smooth shaven; his occupation is said to be that of laborer.

A young man giving the name of Chas. Foster and claiming to be assistant manager of a local theatre, is wanted in Portland, Ore., where he is charged with fraudulently obtaining the cash on a worthless check. Foster is 19 to 21 years of age, 5 ft. 9-10 in. tall, weighs 140-145 lbs., smooth shaven, ruddy complexion, light brown hair. When last seen he wore a brown overcoat and light brown soft hat.

This Department is in receipt of information from the Secretary of the Tennessee Bankers Association, Nashville, Tenn., to the effect that a party using the name of C. E. Dixon is issuing worthless checks purporting to be drawn on a regular printed form of the Southern Manufacturing Company, manufacturers of overalls and jackets. These checks are drawn on a bank member of Newport, Ky., and signed J. H. Cohen & Bro., per J. H. C. The bank at Newport, Ky., claim they know of no such concern, and the checks are worthless. This man has been operating in Ohio and Tennessee, and appears to be working south. Dixon is described as follows:

Five feet eight or nine inches tall; smooth shaven; 35 or 40 years old; weight about 135 or 140 pounds; rather long face; hair slightly streaked with grey; black suit and black derby. He posed as a salesman of the Southern Manufacturing Co.

So far he has not defrauded or attempted to defraud a member of this Association, confining his operations to individuals.



JUDSON WHITE.

Page 379 (first column) of the December, 1911 Journal contains an article concerning a bogus check operator and swindler named Judson White. This person has since been arrested in Larned, Kansas, and the following article is reproduced from the Kansas City Journal, dated January 19, 1911:

"Larned, Kans., Jan. 18.—Judson White alias G. E. Adams was arrested at this place today on the charge of attempting to pass a check for \$666.66 drawn on the Colonial bank of New York City and signed E. E. Hess. White has been in town since January 8, he has spent much of his time getting acquainted with the local jewelers. After banking hours yesterday, he is said to have appeared at the jewelery establishment of E. R. Smisor, purchasing a large diamond ring, tendering the check. Mr. Smisor was suspicious and refused to close the deal until the banks opened up today. He told White to come back this morning. Accordingly White showed up this morning and the two, proceeded to a local bank. Mr. Smisor previously had informed the bank officials and police of his suspicions and when the check was presented the officials put White through a severe questioning and finally refused to cash the paper. White says he is a Mason, wearing a combination thirty-second degree and Knight Templar charm. The president of the bank, caught him up on some features of Masonic work. The cashier later caused White's arrest. A wire to the Colonial bank of New York City was answered by the Burns Detective Agency representing the American Bankers' Association, stating that the check was worthless. Messages were received today from the following places asking that White be held; Canton, Miss; Greenville, Miss; Salis-

bury, Ind.; Sisterville, W. Va.; Fairfield, Ia.; Memphis, Tenn.; Gestville, W. Va. and Los Angeles, Cal. When White was arrested the following articles were taken from his grip; Bottles of ink remover, safe blowing tools, key making tools, large numbers of keys of various descriptions, a goodly supply of laudanum and chloroform, a chloroform administerer, face masks, what seems to be a miniature counterfeiting outfit, and several revolvers."

A bank (M) in Pittsburgh reported on December 27, 1911, that there had just come to light a forgery committed on August 14, wherein a depositor's savings bank book had been stolen and the amount to that depositor's credit withdrawn. Our detective agents, the William J. Burns National Detective Agency, on December 28, 1911, caused the arrest of Nikolaj Szewzenko in Pittsburgh, Pa. Szewzenko is 25 years of age, 5 feet 9 inches tall, weighs 165 lbs., medium build, fair complexion, smooth shaven, light brown hair, blue eyes. He now awaits trial in Pittsburgh.



J. W. CASTEEL.

The above is a photograph of J. W. Casteel for whom the police of Hot Springs, Ark., and other western cities hold warrants in connection with the passing of worthless checks. Casteel's mode of operation consists in depositing a draft for one or two thousand dollars drawn on a Panama bank and then securing an advance against the draft. His description is 33 years of age, 5 ft 8 in. tall, weighs 155 lbs., medium build, light hazel eyes, dark hair mixed with grey. An article concerning Casteel was published on page 210 of the October, 1910, Journal. He has recently renewed operations and is at present very active.

A number of persons in several western states were recently defrauded by cashing forged cashier's checks purporting to be issued by a Texarkana, Ark., bank. The person passing these checks was finally apprehended by the local police of Fort Worth, Texas, on January 13, 1912. He gives his name as D. N. Edmonds, and is also known under the aliases Harry S. Baker and Kansas City Slim.

A New York bank (M) reported on October 18, 1911, that it had suffered a loss through honoring a forged check drawn against the account of a depositor. The case was taken up by our Detective Agents, the William J. Burns National Detective Agency, who traced the crime to Benjamin Goldstein, a young lad formerly employed by the depositor in question. Goldstein was located and apprehended in New York City through the efforts of the Burns Agency on December 28, 1911, and now awaits trial.

A person giving the name of J. D. Woolfolk recently made his appearance in Kent, Ohio, where under fraudulent representations he succeeded in obtaining money on worthless checks purporting to be issued by the firm of Crutchfield & Woolfolk, commission merchants of Pittsburgh, Pa. Woolfolk is described as 35-38 years of age, 5 ft. 7 in. tall, weighs 135 lbs., dark eyes, dark hair, smooth shaven, fairly good dresser. We reproduce below a specimen of the handwriting appearing on these checks;

*Crutchfield Woolfolk*  
*J. D. Crutchfield*

The following article was published on page 160 (first column) of the September, 1911, Journal:

"A warrant has been issued in Boston, Mass., for a woman giving the name of Mrs. E. M. Lewis, who accepted the position as housekeeper in a Boston family, and later forged her employer's name to a check, drawn on a Boston bank. The description of the Lewis woman is given as follows: 46 years of age, 5 ft. 6 in. or 5 ft. 7 in. tall, weighs 140 lbs., wears eye glasses, dark hair, grey eyes, dark complexion, is very intelligent, well read."

This woman has since operated in Danbury, Conn., under the name of Esther Garrigues Norton and in Cincinnati, Ohio, under the name of Dorothy Gardner Amory.

One G. A. Work is wanted in Georgetown, Ohio, on a charge of issuing worthless checks. Work is said to be 35 years of age, six feet tall, weighs 170 lbs., sandy hair liberally sprinkled with grey, grey eyebrows, blind in left eye, left arm broken, left leg broken in two places, and walks with a limp, represents himself as a salesman, for a Winston, N. C., tobacco company. George Inis the Marshall of Georgetown, Ohio, offers a reward of \$50.00 for the arrest of Work.

The Protective Department is in receipt of the following communication from an Evansville, Indiana, Bank concerning a swindler employing the name of Charles Merz.

"On January 2, we cashed a check for a Mr. Charles Merz. This check was drawn on a bank in Bloomington, Ind., for \$25.00. It was returned to us with the statement that Mr. Merz had no funds on deposit at that bank. Mr. Merz was introduced to us by the Secretary of the Y. M. C. A. of this city and we have now learned that this party is making a practice of obtaining money in this way. While in this city he spent most his time at the Y. M. C. A. building and had a card showing him to be a member of the Indianapolis Y. M. C. A.

"He approached several business men of Evansville, attempting to sell stock for a dormitory at the Indiana University.

"The officers of the Y. M. C. A. furnished us with as complete a description of him as they could and they judge him to be about 30 years of age, about five feet, five inches tall, wearing glasses, weighing about 150 pounds. Has large eyes and ears and exceptionally large feet, wearing about 8 1-2 or 9 shoe.

"The suit which he had on when he left Evansville, was brown. His overcoat was also brown being a darker shade, and a wide diagonal pattern. He also wore a light brown hat with a dark brown band. The tailor stated that he wore a 38 coat and 39 pants. The tailor stated that he was of athletic build, with small waist. The last heard from him was a telephone message which his Evansville tailor received from him from New Harmony, Indiana."

On December 16, 1912, a report was received from a Kansas City, Kans., bank (M) concerning a swindle perpetrated on that institution by one Jesse H. Moore, regarding whom an article appears on page 444 (first column) of the January, 1912 Journal. Steps were immediately undertaken by our detective agents, the William J. Burns National Detective Agency, to locate and apprehend Moore, with the result that Moore was captured through the efforts of the Burns Agency on January 6, 1912, in Los Angeles, Calif. The following clipping concerning Moore's arrest appears in the Los Angeles Times of January 7, 1912:

"A golden-haired wife with soft violet eyes and a fairy-like form, innocently led Jesse H. Moore, into being a thief so that he could dress her as her beauty demanded and adorn her with jewels, according to the police.

"Moore who is only 24 years old, was arrested yesterday after an exciting chase down West Eighth street, in which a revolver was accidentally discharged, causing passers-by to duck into doorways in fear of a fusillade of bullets. He was taken to the City Jail and booked on a charge of having passed worthless insurance claim checks.

"Moore, who was captured through the efforts of the William J. Burns National Detective Agency, was living in Saginaw, Mich., a few months ago, and working as a fireman on the Pere Marquette Railroad. He fell in love and married a beautiful girl. Although she was content with the home that Moore gave her, he delighted to see her in fine raiment, and decided that he would make more money doing something else than firing a heavy passenger engine.

"The detectives say he told his wife that he had received a sudden windfall in the shape of several thousand dollars. He said they would travel about the country, that he would buy her fine clothes, and they would live in ease and luxury for a time at least. Mrs. Moore, believing him, was delighted, according to the officers.

"Moore is understood to have purchased his wife a wardrobe fit for a woman of fashion. He also bought himself an abundance of clothes and they commenced their travels.

"Within a short time the Burns Agency in Kansas City was informed that a man named Jesse H. Moore was stringing claim checks drawn on the Health and Accident Insurance Company of Saginaw all over the country. From Houston, Shreveport, Jacksonville, Savannah, Memphis, and a dozen other points came a trail of worthless claim checks. They were all for small amounts, but their grand total was considerable.

"Finally Moore came to Los Angeles and with his wife took apartments at No. 819 West Eighth street. The house was watched yesterday by Burns operatives and police detectives Jones and Irvine.

"During the afternoon Moore returned home. As he started up the steps he saw the detectives and realized they were after him. He turned and ran down Eighth street, the officers in close pursuit. Moore proved to be fleet of foot and led a merry chase. While running, Detective Jones's revolver jostled from his hip pocket, struck the pavement and was discharged. Moore heard the shot, slackened speed and was soon captured. The detectives returned and searched Moore's apartments. They found a number of blank claim checks and a check perforator in his bed-room. On the wall was a panel picture of Mrs. Moore taken in a magnificent ball gown. Her shoulders and arms were bare and adorned with jewels. Beneath the picture was written in Moore's hand: 'This is the woman I love.' Mrs. Moore wept when she heard of the arrest. She protested that he must be innocent, and that a mistake had been made. Moore refused to make any statement beyond saying that he will get out of his present trouble and that 'everything will be all right.'"

One R. I. Woodhouse, formerly representing a Chico, Calif., liquor concern is wanted in Chico, Calif., and other cities on the Pacific Coast for passing worthless checks.



ALBERT B. CLARK.

On December 30, 1911, a young man giving the name of Albert B. Clark alias of Deb Clark attempted to perpetrate a hold up on a Centralia, Wash., bank (M). He was frustrated in the attempt and was immediately placed under arrest. Clark, who now awaits trial in Centralia, is 23 years of age, 5 feet 10 inches tall, weighs 150 lbs., full face.

On December 29, 1911, one Chas. S. Morton, a builder, deposited with a Baltimore, Md., bank (M) a check for \$2,362.50, and later withdrew \$1,670.00. It subsequently developed that the check deposited by Morton was worthless. On January 2, 1912, the case was reported by the bank in question, and an investigation was started by our detective agents, the William J. Burns National Detective Agency. In the meantime, however, Morton had gone to Chicago, where under the name of Harry L. Price, he attempted to defraud two local banks by a check-kiting scheme. The cashier of one of the Chicago banks was suspicious of "Price" and caused his arrest on January 2, when it developed that Price was Chas. S. Morton. He has since been returned to Baltimore, Md., for trial. Morton is 32 years of age, 5 feet 7 inches tall, weighs 135 lbs., sallow complexion, dark eyes, dark hair.

On January 19, 1912, an Akron, O., bank (M) reported that several checks had been passed on them bearing forged endorsements, which resulted in a loss of several hundred dollars. The case was investigated by our detective agents, the William J. Burns National Detective Agency, who, on the evening of January 19, caused the arrest in Akron of H. H. Hedges, a bookkeeper. Hedges has since confessed his guilt. He now awaits trail.

It was reported on December 4, 1911, by a Mantua, O., bank (M) that the bank had been defrauded through cashing a check bearing a forged endorsement. On December 20, 1911, our detective agents located and caused the arrest of the guilty party in Cleveland, Ohio. He gives his name as John Wagner, alias John Bolsom. Wagner has confessed to the forgery and now awaits trail in Mantua.

The police of San Francisco, Cal., hold a warrant for the arrest of P. H. Martyn, 50 years of age, 6 feet tall, weight, 200 lbs., blue eyes, partly bald, wears a toupee, dark complexion, full face, smooth shaven, wears glasses. Martyn has succeeded in securing several hundred dollars on forged checks drawn on a San Francisco, Cal., bank.



E. T. MILLS.

We publish herewith the photograph of E. T. Mills, alias Edward O. Twiggs, alias Edgar Mills, who last month disappeared from Sioux Falls, S. Dak., following the discovery of a forged note for more than a thousand dollars and several forged checks for small amounts, which, it is believed, were uttered by Mills, who is 45 years of age, 5 feet 10 inches tall, weighs 200 lbs. Mills' occupation is that of plumber, but he has also been in the insurance and real estate business. He claims to be a 32nd degree Mason and carries a card of membership in the plumber's union. He has previously served a term of two years in the West Virginia States Prison for embezzlement.

We submit herewith specimen of handwriting of E. T. Mills.

*W. W. Johnson*  
*E. T. Mills*  
*W. W. Johnson*

On November 18, 1911, a person giving the name of S. C. Hood opened an account with a San Francisco, Cal., bank. Hood made several small deposits, until, at the expiration of a few weeks his account showed total credit of \$210. At noon on Saturday, January 6th, 1911, Hood presented to the paying teller at the bank a check for \$200 against his account and was given the cash; immediately thereafter Hood appeared at the window of the assistant paying teller with a check for \$210. This check was paid. Later in the day, when Hood's account was balanced it was found that the bank had been swindled out of \$200 by Hood. His description is 50 years of age, 5 feet 11 inches tall, swarthy complexion, weighs 160 lbs., dark brown hair, stubby moustache, stoop shouldered. He gave his occupation as a chauffeur.

One Conrad Mayer is wanted in Chicago, Ill., where he stole a savings bank book and obtained money thereon. He is 24 years of age, 5 feet 6 inches tall, weighs 155 lbs., medium build, light complexion, blond hair, smooth shaven. When last seen he wore a soft brown hat and a gray mixed overcoat.



FRED S. BONNELL.

The following article was published on page 224 (second column) of the October, 1911, Journal, with reference to one Fred S. Bonnell:

"The authorities of Benton Harbor, Mich., hold a warrant for the arrest of Fred S. Bonnell, a telegraph operator and former resident of Benton Harbor, who obtained cash on a check 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 teeth."

This party is still at large, and as we have since received his photograph, the latter is published herewith.

The following communication has been received from a Gary, Ind., bank.

"We beg to report that a party by the name of H. J. Cain has drawn worthless checks on our bank in amounts ranging from \$5 to \$100. This party at one time had an account in our bank, but long since has drawn out his balance. He is at present operating in a number of eastern cities, his last check having come from Meriden, Conn."

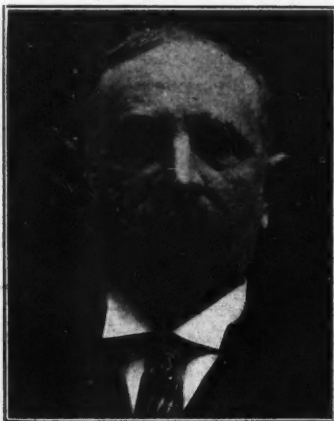
A warrant has been sworn out in Lincoln, Kans., for the arrest of Bert Darbe, who is charged with forgery. His description is 22 years of age, 5 feet 6 or 7 inches tall, weighs 140 lbs., dark hair, dark eyes, dark complexion, smooth shaven. When last seen Darbe was dressed in a blue suit, gray sweater, soft hat, brown overcoat.

Ernest Thompson is wanted in Springfield, Mo., on a charge of forgery. Thompson was formerly a resident of Springfield. He is 35 to 36 years of age, 5 feet 9 inches tall, weighs 170 lbs., medium dark complexion, smooth shaven, prominent nose.

The difficulty of securing a conviction in the case against Paul Uhlig has resulted in the charges being dropped. Uhlig's arrest was reported in the December, 1911, Journal on page 381 (second column).

In the January, 1912, Journal on page 439 (second column) there is an account of the arrest of Henry Wolff who passed forged checks on a number of New York and New Jersey banks. Wolff has been given a sentence of one year in the New Jersey State Penitentiary.

When brought to trial in San Francisco, Cal., last month J. W. Hill, Jr., was sentenced to serve two years in the California State Penitentiary at San Quentin. Hill defrauded a Carrington, N. D., bank (M). An account of his arrest appeared in the January, 1912, Journal, on page 441 (second column).



WM. LODTMAN.

Members are warned to be on the lookout for one William Lodtman, an old-time swindler, who has been arrested on a number of occasions and who has recently renewed activities in the east, where several worthless checks have been circulated by him. These checks purport to be signed by some news syndicate, the most recent one that has come to our notice bearing what purports to be the signature of the Pittsburgh News Syndicate and is drawn on a Pittsburgh, Pa., bank. We publish herewith Lodtman's photograph, which originally appeared on page 18 of the July, 1910, Journal. Lodtman is described as 65 years of age, is about 6 feet 2 inches tall, weighs 200 lbs., light complexion, grey hair, blue eyes.

The following information was received from a Beverly, Ohio bank under date of December 22, 1911:

"A man giving the name of J. S. Linn appeared at Beverly, Ohio, about April 1, 1911. He has worked as a carpenter and recently as an insurance solicitor. Opened an account with this bank and had a balance due him of 80c. Dec. 16, 1911. After the bank closed that day, he went to merchants and got one check cashed for \$2.00 and one for \$5.00 on his own account. He forged the name of a local contractor for whom he occasionally worked, to five checks for about \$11.40 (the sum he was in the habit of getting checks for) and also one for \$47.50 which he claimed was given him for an insurance premium, passing them all Saturday evening, Dec. 16, 1911, getting most of the small checks in cash; the large check he gave the landlord for his board, getting no money from him.

"Sunday at 9.30 a. m., he left for Parkersburg, W. Va., where trace of him was lost.

"From papers found in his room he seems to have solicited subscriptions for a paper published in New York by S. H. Moore & Company, 23 City Hall Place, in Phillipi, W. Va., March 27, 1911. He seems to have had an account or business under the name of S. S. Lion with a bank in West Union, W. Va. We found a postal showing the receipt of a check (entered for collection) for \$191.25 on a Carlisle, Pa., bank that had been issued to S. S. Lion by the bank in West Union, W. Va.

"We found an application addressed to Selz, Schwab & Co. (shoe manufacturers), Chicago, applying for a position as a salesman. In that he gave his permanent address as No. 128 N. Chestnut St., Ravenna, Ohio; says he will be 25 years old April 17, 1911; born in Franklinton, York Co., Pa.; parents dead; now employed by C. W. Ewerismon, Ravenna, Ohio; says he has been employed three years by Geo. W. Clows & Co., Philadelphia, Pa., and two years by American Assurance Co., Philadelphia, Pa. This paper signed by S. S. Lion.

"We enclose reward sheet and description of the party, which our Village Marshall is circulating. The reward is offered by this bank and the merchants he defrauded.

"A warrant charging forgery is held by Fred. H. Hart, Marshall."

The reward circular reads as follows

\$50.00 REWARD.

FOR THE ARREST AND DETENTION OF A FORGER.

Who passed a number of forged checks in Beverly, Ohio, Dec. 16, 1911. Last seen in Parkersburg, W. Va., December 17, 1911. Known as John S. Linn—has given the name of J. S. Line, S. S. Lion or S. S. Linn.

Description.—White, light complexion, smooth face, about 5 feet 8 inches tall, weight about 160 pounds, light hair, blue eyes, (we believe) walks erect with a quick step. Dark suit, dark overcoat, black pair leather-lined with No. 7534220 shoes; had pair tan shoes, No. 7. Carpenter and insurance solicitor while in Beverly; may be a solicitor for enlarged portraits or other like goods. He did wear blue shirt and celluloid collar when working as carpenter. Was carrying a new tan leather suit case when last seen.

Notify Fred. H. Hart, Marshall, Beverly, Ohio.

An indeterminate sentence in the Colorado State Reformatory has been imposed upon Pettus Keltner, who was arrested in Pueblo, Colo., as recorded on page 379 (first column) of the Dec., 1911, Journal—and who committed a forgery on a Doniphan, Mo., bank (M).

James Breslin was given a sentence of three years in the penitentiary, but has since been released on parole, in connection with a forgery perpetrated on a Natrona, Pa., bank (M). An account of his arrest appeared on page 380 (second column) of the December, 1911, Journal.

Tom Mullen has been released from custody following his arrest in connection with a fraud perpetrated on an Atlanta, Ga., and other banks (Ms). Mullen's arrest was published on page 380 (second column) of the December, 1911, Journal.

Wm. Otto Weems has been given a sentence of six months in the county jail for defrauding a Palco, Kans., bank (M). An account of his arrest appeared in the November, 1911, Journal, (first column) on page 312.

C. E. Hamilton (whose correct name proves to be Frank A. Richards) has been sentenced to serve one to ten years in the Minnesota State Penitentiary. Hamilton's (or Richards's) arrest was published on page 380 (second column) of the December, 1911, Journal. He was implicated in a fraud perpetrated on an Edgemont, S. Dak. bank (M).

E. E. West has been fined \$15 and costs for an attempt to defraud a Harrisonville, Mo., bank (M), for which crime he had been arrested, as published on page 223 (first column) of the October, 1911, Journal.

Mike Conners, alias John Murray, has been sentenced to serve a life sentence in the Utah State Penitentiary. The arrest of Conners, following the attempted hold-up of a Layton, Utah, bank (M) was published on page 36 (second column) of the July, 1911, Journal.

A sentence of five years in the Missouri State Penitentiary was imposed upon Ben Hockaday, but he has since been released on parole, in connection with a fraud perpetrated upon a Kansas City, Mo., bank (M). Hockaday's arrest was reported in the July, 1911, Journal on page 38 (second column).

Stacey Smith and Anthony Beddell have been released from custody in connection with a fraud perpetrated on an East Hampton, N. Y., bank (M). The arrest of these parties was recorded on page 228 (second column) of the October, 1911, Journal.

A. E. Stone, who was arrested for burglarizing a railroad depot and who has since been positively identified as the person who perpetrated a fraud on a Washington, Kans., bank (M) has been sentenced to serve an indeterminate term in the Hutchinson, Kans., State Reformatory. An account of Stone's arrest was published on page 225 (first column) of the October, 1911, Journal.

A sentence of two years in the Oklahoma State Penitentiary has been imposed upon Bert Clark, who, as reported on page 225 (second column) of the October, 1911, Journal, was arrested for defrauding a Bartlesville, Okla., bank (M).

La Tour Vaught defrauded an Olathe, Kans., bank (M), and was arrested for that crime as reported on page 311 (first column) of the November, 1911, Journal. Vaught pleaded guilty to the charge and has been given an indeterminate sentence of one to ten years in the Hutchinson (Kans.), State Reformatory.

Alice A. Black was tried in New Orleans, La., for defrauding a local bank (M) and was sentenced to serve nine months in the Parish prison. Her arrest is recorded on page 313 (first column) of the November, 1911, Journal.

J. H. Stevens was dismissed for lack of evidence when brought to trial in Flagler, Colo., on a charge of defrauding a local bank (M). An account of Stevens' arrest appeared in the November, 1911, Journal, on page 310 (second column).

Samuel A. Hamilton's attempt to perpetrate a hold-up on a Belleville, N. J., bank (M), has resulted in his receiving a sentence of six to twelve years in the New Jersey State Penitentiary. Hamilton's arrest was published on page 228 (first column) of the October, 1911, Journal.

The arrest of Arthur R. Von Keller was published on page 313 (second column) of the November, 1911, Journal. Von Keller was placed on trial in Newark, N. J., in connection with a forgery committed on a New York bank (M), and he was then dismissed for lack of sufficient evidence to secure a conviction.

C. P. Springer and R. C. Clark were brought to trial in Eureka, Cal., in connection with forgeries committed against a Eureka, Cal., bank (M) and the case against them was dismissed. The arrest of these parties was reported on page 314 (first column) of the November, 1911, Journal. They have, however, since, been sentenced on another charge.

Israel Rothstein, alias Bernard Weisberg, has pleaded guilty to the charge of forgery in the second degree, and has been given an indeterminate sentence in Elmira Reformatory. His arrest in connection with the depositing of a forged check in a New York bank (M) was published on page 314 (first column) of the November, 1911, Journal.

James Wilson, alias Frank Burns, committed a forgery on New York bank (M). His arrest was reported on page 161, second column, of the September, 1911, Journal, Wilson was brought to trial in Brooklyn, N. Y., and is now serving a sentence of 2½ years in Sing Sing Prison.

W. J. Williams defrauded a Richland, Ga., bank (M). An account of his arrest appears on page 305 (second column) of the November, 1910, Journal. Williams was released on bail; he has since forfeited his bond and is now a fugitive from justice.

Frank H. Graham was placed under arrest in San Francisco, Cal., charged with defrauding a San Francisco, Cal., bank (M), as detailed on page 379 (second column) of the December, 1911, Journal. Upon being brought to trial in San Francisco Graham was released from custody.

Page 437 (first column) of the January, 1912, Journal, contains an article detailing the operations of C. E. Cole. On January 13th, there appeared at an Atlanta, Ga., bank (M) a person giving the name of Ellis Cole, who deposited a draft for \$700 drawn on a Seattle, Wash., bank. After Cole left the bank, the Cashier saw the article in the January Journal relating to C. E. Cole, and he found that the description of C. E. Cole and Ellis Cole compared accurately. The cashier immediately telephoned to the office of the Atlanta representative of the William J. Burns National Detective Agency, who, immediately got in touch with the local police. A telegram was also sent to the Seattle bank on which the \$700 draft was drawn and a reply from that bank stated that the draft was worthless. As a result of this Cole, when he reappeared at the bank on January 15th, was placed under arrest. A telegram was then sent to the police of Billings, Mont., and on the strength of the reply received from there Cole was held pending extradition to Billings.

We learn from the Victor Talking Machine Company that a person employing the name of James C. Edwards, alias Carl A. Craig, etc., has defrauded different persons with bogus checks under the fraudulent representation that he (Edwards) is a traveling man for the Victor Company. This swindler is 30 years of age, 5 feet 11 inches tall, weighs about 165 lbs., sandy hair, long face, smooth shaven, wore a knitted vest, light grey silk muffler with fringe, prominent diamond in necktie. As the Journal goes to press information reaches us that this swindler has just left Des Moines, Ia., after victimizing the local representative of the Victor Company.

Page 444 (first column) of the January, 1912, Journal, contains an article stating that John W. Norton was arrested in Cleveland, O., for defrauding an Owosso, Mich., bank (M). Norton has not been arrested, in fact, while it is true that a warrant was issued for Norton's arrest, the charges against him have since been dropped and the warrant withdrawn.

A. E. Brandon's arrest was published in the January, 1912, Journal, on page 443 (second column). Brandon has been given a sentence of 9 months in the Parish Prison for defrauding a New Orleans, La., bank (M) by means of a forgery.

Frank P. Hall, who defrauded a Cleveland, O., bank (M) has been adjudged insane and is now confined in the Ohio State Insane Asylum. Hall's arrest in connection with a swindle committed against a Cleveland, O., bank (M), was published in the January, 1912, Journal, on page 443 (second column).

Page 438 (second column) of the January, 1912, Journal, contains an article relating to the arrest of Isaac Gittler for a fraud perpetrated on two New York banks (Ms). Gittler's case was tried before a jury in New York City, who rendered a verdict of "Not Guilty," and he has been released from custody.

Earl Prather has pleaded guilty to the charge of grand larceny in New York City and was given a suspended sentence. This party was identified with a forgery perpetrated on a New York City bank (M). An account of his arrest appeared in the December, 1911, Journal, on page 379 (first column).

A bank member in Jacksonville, Fla., writes us under date of January 26th as follows:

"On the 10th inst. we accepted from our depositor a check on a Roanoke, Va., bank for \$37.50, signed J. A. Thomason, payable to H. H. Hamilton, and purporting to bear the certification of the Roanoke bank's cashier. This item is returned to us today by the Roanoke bank with the information that both the signature and certification are forgeries. The best description our depositor can give of the person for whom he cashed this check is 35 to 40 years old, 6 feet tall, weight 160 lbs., smooth shaven, dressed in very ordinary clothes."

This Department is in receipt of information from a bank member in Georgia to the effect that one T. F. Rucker, alias J. D. McKoy is operating in that section with forged checks. This party is described as being 5 feet 11 inches in height; weight 175 to 190 pounds; black hair and grey eyes. Has prominent scar on right jaw extending from front of chin to ear. Pleasant address, claims to be a Mason and Shriner, member of Galveston, Texas, Shrine Temple; also editor of Scott County, Mo., Kicker, or Democrat, published at Benton, Mo. He is wanted for forging check for \$50.00 purporting to be signed by C. Johnson, Cashier Benton bank, No. 1723, check drawn on International Bank of St. Louis. Check dated Jan. 16, 1912. Rucker is wanted by the Sheriff of Crisp County, Ga., for forgery.

STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.

AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE.

From September 1, 1911, to January 31, 1912.

New York, February 1, 1912.

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

	Awaiting Trial Sept. 1, 1911.	Arrests From Sept. 1, 1911, to Dec. 31, 1911.	Arrests in January, 1912.	Total.	Convicted.	Released.	Escaped or Fugitives.	Suicide or Died.	Awaiting Trial.
Forgers .....	69	73	7	149	62	29	2	1	55
Burglars .....	9	3	1	12	7	1	..	..	4
Hold-up Robbers ...	1	4	1	6	3	..	..	..	3
	79	80	8	167	72	30	2	1	62



**ALLEGED FORGERS, ETC.**

Jan. 19, H. H. Hedges, arrested in Akron, O.; defrauded Akron bank (M) by forgeries; awaits trial in Akron.

Dec. 20, John Wagner, arrested in Cleveland, O.; defrauded Mantua, O., bank (M) by forgery; awaits trial in Mantua.

Dec. 28, Nikolaj Szewzenko, arrested in Pittsburgh, Pa.; committed forgery on Pittsburgh bank (M); awaits trial in Pittsburgh.

Dec. 28, Benj. Goldstein, arrested in New York City; attempted to defraud Chicago banks (Ms); had previously defrauded Baltimore, Md., bank (M); returned to Baltimore for trial.

Jan. 2, Chas. S. Morton, arrested in Chicago, Ill.; attempted to defraud Chicago banks (Ms); had previously defrauded Baltimore, Md., bank (M); returned to Baltimore for trial.

Jan. 15, C. E. Cole, arrested in Atlanta, Ga.; attempted to defraud Atlanta bank (M); had previously issued worthless checks in Billings, Mont., and other cities; awaits extradition to Billings.

Jan. 6, Jesse H. Moore, arrested in Los Angeles, Cal., defrauded Kansas City, Kans., bank (M); awaits extradition to Kansas City.

Frank P. Hall, adjudged insane; is now confined in Ohio State Insane Asylum; arrest for defrauding Cleveland, O., bank (M); reported in January, 1912, Journal.

Isaac Gittler released from custody in New York City; arrested in connection with fraud committed on New York bank (M); reported in January, 1912, Journal.

Earl Prather, given a suspended sentence on grand larceny charge in New York City; was also identified with forgery committed on New York bank (M); arrest reported in December, 1911, Journal.

John W. Norton was reported as arrested in January, 1912, Journal; he was not arrested; warrant was issued, but later withdrawn and charges dropped, in connection with forgery committed on Owosso, Mich, bank (M).

A. E. Brandon given nine months in New Orleans, La., for forged check passed upon New Orleans, La., bank (M); arrest reported in September, 1911, Journal.

James Wilson given sentence of 2½ years in Sing Sing Prison for forgery committed on New York bank (M); arrest reported in September, 1911, Journal.

W. J. Williams was released on bail; forfeited his bond; is now fugitive from justice on charge of defrauding Richland, Ga., bank (M); arrest reported in Nov. 1910, Journal.

Frank H. Graham released from custody in connection with forgery committed against San Francisco, Cal., bank (M); arrest reported in December, 1911, Journal.

Israel Rothstein given indeterminate sentence in Elmira Reformatory for attempted forgery committed in New York; arrest reported in November, 1911, Journal.

Arthur Von Keller released from custody in Newark, N. J., in connection with forgery committed on New York bank (M); arrest reported in November, 1911, Journal.

C. P. Springer and R. C. Clark released in connection with forgery committed on Eureka, Cal., bank (M); arrest reported in November, 1911, Journal.

La Tour Vaught given indeterminate sentence in

Kansas State Reformatory; defrauded Olathe, Kans., bank (M); arrest reported in Nov., 1911, Journal.

Alice A. Black sentenced to nine months in the Parish Prison; defrauded New Orleans, La., bank (M); arrest reported in Nov., 1911, Journal.

J. H. Stevens dismissed for lack of evidence in connection with forgery committed on Flagler, Colo., bank (M); arrest reported in Nov., 1911, Journal.

Stacey Smith and Anthony Beddell released from custody in connection with forgery perpetrated on East Hampton, N. Y., bank (M); arrest reported in Oct., 1911, Journal.

A. E. Stone arrested for burglary of railroad depot; also defrauded Washington, Kans., bank (M); given indeterminate sentence in Hutchinson, Kans., State Reformatory; arrest reported in Oct., 1911, Journal.

A sentence of two years has been given Bert Clark; defrauded Bartlesville, Okla., bank (M); arrest reported in October, 1911, Journal.

E. E. West fined \$15 and costs; attempted to defraud Harrisonville, Mo., bank (M); arrest reported in Oct., 1911, Journal.

Ben Hockaday given five years, but was released on parole; defrauded a Kansas City, Mo., bank (M); arrest reported in July, 1911, Journal.

Tom Mullen was released from custody in connection with fraud perpetrated on Atlanta, Ga., and other banks; arrest reported in December, 1911, Journal.

Wm. Otto Weems given six months in County jail for defrauding Palco, Kans., bank (M); arrest reported in Nov., 1911, Journal.

Paul Uhlig, arrested in connection with forgery perpetrated on Edgewater, N. J., bank (M); released from custody because of difficulty of securing a conviction; arrest reported in Dec., 1911, Journal.

Henry Wolff given one year in New Jersey State Penitentiary; passed forged checks on New York and New Jersey banks (Ms); arrest reported in Jan., 1912, Journal.

C. E. Hamilton given one to ten years in Minnesota State Penitentiary; also defrauded Edgemont, S. Dak., bank (M); arrest reported in Dec., 1911, Journal.

J. W. Hill, Jr., given two years in California State Penitentiary; also defrauded Carrington, N. Dak., bank (M); arrest reported in January, 1912, Journal.

Pettus Keltner given indeterminate sentence in Colorado State Reformatory; also defrauded Doniphan, Mo., bank (M); arrest reported in Dec., 1911, Journal.

James Breslin given an indeterminate sentence of three years, but released on parole, in connection with forgery committed on Natrona, Pa., bank (M); arrest reported in December, 1911, Journal.

**BURGLARS.**

Mike Conners given life sentence in Utah State Penitentiary; had attempted burglary of a Layton, Utah, bank (M); arrest reported in July, 1911, Journal.

**HOLD-UP ROBBERS.**

Dec. 30, Deb. Clark, arrested in Centralia, Wash.; following attempt to perpetrate hold-up on local bank (M); awaits trial in Centralia.

Saml. A. Hamilton given six to twelve years in New Jersey State Penitentiary for attempted hold-up of Belleville, N. J., bank (M); arrest reported in October, 1911, Journal.

AWAITING TRIAL FEBRUARY 1, 1912.

ALLEGED FORGERS, ETC.

H. S. Kirkpatrick ..... West Point, Ga.  
 Henry West ..... Yuma, Ariz.  
 Chas. L. Johnson ..... Grand Rapids, Mich.  
 C. C. Blasdell ..... Perry, Okla.  
 Matt Conner ..... Hinton, W. Va.  
 Lee Hepler ..... Hickory, Pa.  
 Patrick Gallagher ..... Jersey City, N. J.  
 Albert M. Kutzkey ..... St. Johns, Ore.  
 John C. Byland ..... Burlington, Ky.  
 J. E. Posey ..... Aiken, S. C.  
 Eug. C. Brockaw ..... Chicago, Ill.  
 Irving G. Crocker ..... Chicago, Ill.  
 S. H. Gray ..... Athens, Tenn.  
 Ollie Hilliards ..... West Newton, Pa.  
 Chas. M. Meeker ..... Dalhart, Tex.  
 R. L. Peeples ..... Birmingham, Ala.  
 John C. Walsh ..... Brooklyn, N. Y.  
 Wm. Nance ..... Bixby, Okla.  
 Ernest Bernard ..... New York City.  
 Wm. J. Jones ..... Claremore, Okla.  
 A. S. Cauble ..... Cairo, Ill.  
 Warren Hank ..... Wapakoneta, O.  
 A. R. Saffold ..... Atlanta, Ga.  
 R. A. McKnight ..... Johnson City, Tenn.  
 H. H. Moody ..... Oklahoma City, Okla.  
 Rocco Muccini ..... Monessen, Pa.  
 Max Kaplan ..... Brooklyn, N. Y.  
 Frank L. Moore ..... Mt. Morris, Pa.  
 D. E. Woods ..... Nowata, Okla.  
 L. J. Flannigan ..... St. Louis, Mo.  
 Walter Purnell ..... Point Pleasant, N. J.  
 Jack Kelly ..... San Francisco, Cal.  
 Barzillo Conover ..... Califon, N. J.

Curtis Stokley ..... St. Johns, Kans.  
 Will Williams ..... St. Johns, Kans.  
 Geo. Tendall ..... St. Johns, Kans.  
 F. Wehner ..... Ridgefield Park, N. J.  
 Francis L. Frick ..... St. Louis, Mo.  
 P. R. Stock ..... Anaheim, Cal.  
 Richard Colston ..... East Orange, N. J.  
 Vernon F. Shivers ..... Lake Providence, La.  
 Julius Moe ..... Grand Forks, N. Dak.  
 R. D. Simpson ..... Onawa, Iowa.  
 J. A. Johnson ..... Cleveland, Ohio.  
 Ed. L. Deem ..... Parkersburg, W. Va.  
 H. J. Taylor ..... Tescott, Kan.  
 E. Klein ..... Scranton, Pa.  
 W. F. Richards ..... Tescott, Kan.  
 H. H. Hedges ..... Akron, O.  
 John Wagner ..... Cleveland, O.  
 Nikolaj Szewzenko ..... Pittsburgh, Pa.  
 Benj. Goldstein ..... New York City.  
 Chas. S. Morton ..... Baltimore, Md.  
 C. E. Cole ..... Atlanta, Ga.  
 Jesse H. Moore ..... Los Angeles, Cal.

BURGLARS.

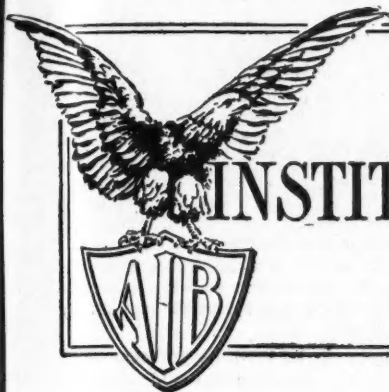
Frank Morris ..... Layton, Utah.  
 Charles Rogers ..... Norwich, N. Y.  
 James Lang ..... Norwich, N. Y.  
 Jim Hill ..... Norwich, N. Y.

HOLD-UP ROBBERS.

Tom Hogan ..... Harlem, Mont.  
 Stanley Miller ..... Harlem, Mont.  
 Deb Clark ..... Centralia, Wash.

MORTUARY RECORD OF MEMBERS REPORTED DURING JANUARY.

Bar, Lawrence—President Farmers and Merchants Bank of Centralia, Centralia, Wash.  
 Batterman, Henry—President Broadway Bank, Brooklyn, N. Y.  
 Bennett, John G.—Director Columbia National Bank, Pittsburgh, Pa.  
 Blewitt, James N.—Vice-President First National Bank, Gordon, Texas.  
 Byrom, John S.—President Byrom National Bank, Byromville, Ga.  
 Clark, Dr. Whitman Estey—Vice-President First State Savings Bank, Three Rivers, Mich.  
 Coffinberry, Henry D.—Director First National Bank, Cleveland, Ohio.  
 Dunican, James—Vice-President First National Bank, Emmetsburg, Iowa.  
 Farrel, Franklin—Director Ansonia National Bank, Ansonia, Conn.  
 Fourqurean, Jos. M.—Director National State and City Bank, Richmond, Va.  
 Goke, Henry—President First National Bank, Raton, New Mexico.  
 Hadley, James A.—Vice-President Security Trust Co., Lexington, Ky.  
 Hayward, Henry Clay—Vice-President Delaware County National Bank, Muncie, Ind.  
 Heib, Frederick—Cashier Hamburg Savings Bank, Brooklyn, N. Y.  
 Martin, W. W.—President Faulkner County Bank, Conway, Ark.  
 McClure, Thomas E.—President Metropolitan Bank & Trust Co., Cincinnati, Ohio.  
 McConnell, Wm. Howard—Director Security Trust Co., Lynn, Mass.  
 North, Samuel S.—North & Company, Bankers, Unadilla, N. Y.  
 O'Brien, M. W.—Vice-President Peoples State Bank, Detroit, Mich.  
 Pancoast, Geo. W.—Cashier Astor Trust Co., New York, N. Y.  
 Phelps, Francis A.—Director Wyoming National Bank, Wilkes-Barre, Pa.  
 Saltsman, Alvin—President The First National Bank, St. Johnsville, N. Y.  
 Sanford, Gardner T.—Sanford & Kelly, New Bedford, Mass.  
 Schmeltzer, G.—Director Alamo National Bank, San Antonio, Texas.  
 Silver, Datus E.—Vice-President Cooperstown National Bank, Cooperstown, N. Y.  
 Slade, George W.—Director Massachusetts-Pocasset National Bank, Fall River, Mass.  
 Smith, Chas. H.—Director First National Bank, Marshalltown, Iowa.  
 Snow, Franklin E.—Director First National Bank, Greenfield, Mass.  
 Stewart, Malcolm N. M.—President First National Bank, Wilmington, Ill.  
 Taylor, G. Roswell—Vice-President and Cashier Rice Savings Bank, Smithland, Ia.  
 Vierling, Henry—Director Bank of Jefferson, Gretna, Ia.  
 Westall, Daniel M.—President Cambridge Valley National Bank, Cambridge, N. Y.  
 Willcutt, Levi L.—Trustee Home Savings Bank, Boston, Mass.  
 Wright, Senator James A.—Director Lincoln County Bank of Merrill, Merrill, Wisconsin.



# AMERICAN INSTITUTE OF BANKING BULLETIN



## PREACHING THE INSTITUTE GOSPEL.

**William S. Evans of Philadelphia Exemplifies What Institute Graduates Can Do—Address to the Officers and Employees of the Corn Exchange National Bank of Philadelphia.**

**A** MERICAN bank officers and employees are not only willing but desirous to learn about the American Institute of Banking and there are boundless opportunities for Institute graduates to extend Institute influence. The Educational Director does some such work, but he is only one man in a field when there should be a thousand. As an example of what the field is and how it may be cultivated the Corn Exchange National Bank of Philadelphia recently invited William S. Evans to talk to its officers and employees about the Institute and its educational methods. Mr. Evans said in part:

Mr. President, and gentlemen of the Corn Exchange National Bank: I wish to thank your President for his cordial introduction and to express the appreciation I feel in being invited to attend this annual dinner of the gentlemen who constitute the management and working force of your bank. I esteem it a privilege to be here and am glad to talk about the American Institute of Banking—an institution with which several of your number are already familiar and are deeply interested in. I am glad to talk about this educational organization because I believe it is worthy the attention of every man connected in any way with any financial institution in the country. While it is of primary interest to men who are actively engaged in bank and trust company work, its plan is broad enough to spread beyond the limits of the banking house and attract the notice of depositors and other customers.

I want to invite your attention, first, to the origin of the Institute, then to what it aims to accomplish, and finally to how it is accomplishing those ends.

If your President should place a note before you tomorrow morning asking you to write out all you know about some specified banking subject—take the Negotiable Instruments Act, for example; and that ought to be an easy example—if your President should do this and ask you to place your response before him the following morning, would you be content

with the paper you would be able to submit? Would you consider your article creditable and be willing to have your President inventory your ability from that paper in deciding whether or not you were prepared to assume larger responsibilities? These are homely questions, I know, but are similar to those a few clerks in one of the banks in Buffalo asked of themselves several years ago; and, being dissatisfied with their answers, counseled as to how they could work together and acquire more knowledge about banking. One of this little group had a bank friend in Louisville with whom he corresponded and to whom he mentioned the plan the Buffalo men had undertaken, that of reading books on economics and banking topics and discussing those subjects among themselves. One idea led to another. These men were earnest in their efforts and concluded that some united action should be taken to encourage systematic study of banking subjects and the development of original thought among bank clerks. Finally these men in Buffalo and Louisville prepared a petition to the American Bankers Association asking that the Association take up the question of educating bank clerks in the theory and practice of banking. This petition was presented at the session of the American Bankers Association in Richmond in 1900. The then President of that Association did not approve of the idea and referred the petition to a Committee which he thought would report adversely. But, after carefully investigating the matter this Committee recommended that appropriate steps be taken by the Association to get the plan started. That, briefly, tells of the origin of the American Institute of Bank Clerks, as the organization was called at first. The name was subsequently changed to the American Institute of Banking.

Membership in the Institute is had by chapters and the Institute is managed somewhat along the lines of the American Bankers Association, of which it is a Section. Col. Dechert, then President of the Commonwealth Title Insurance & Trust Company of this city, was delegated to form a chapter in Philadelphia, which was done, and chapters were started in several other cities. There are now chapters, with a total membership of about 12,000, located in leading cities, from Bangor in Maine to Seattle and Tacoma in Washington, and from Duluth on the North to New Orleans and Los Angeles in the South, with an international brother in Cuba.

The paramount object of the Institute is to fix and maintain a recognized standard of education in Banking and Finance and Commercial and Banking Law by means of official examinations and the issuance of certificates. It aims to educate bank men in the theory and practice of banking including such principles of economics as apply to the banking business. It aims to develop familiarity with banking forms and accounts as now practiced and to convey an understanding of the principles involved in various banking transactions. It teaches of the development of banking institutions in this and other countries and a comprehension of the relationship between banking and other industries. Among the subjects considered in the parts of the course pertaining to bank practice are bank organization, bank administration, receiving and paying departments, what these departments do and how and why; accounting and bookkeeping, governmental supervision, loans and discounts, how handled and the factors entering into the extension of credit, how collections are made and transit items handled; the functions of clearing houses, the character of domestic and foreign exchange. The study course aims to provide some knowledge of general facts concerning commerce and industry and factors affecting production, distribution and consumption. The course, too, takes up the more comprehensive subjects of the nature and value of money, the demand and supply of money, the character and uses of credit, the relationship of credit to banking and conditions which influence prices and rates of interest and various problems which pertain to metallic money and paper currency. Since finance deals with business methods and problems, it calls for a knowledge of practical business, the capacity to generalize, with a view of construing the general principles under which business is conducted.

The Institute course of study in Commercial and Banking Law is arranged on the general proposition that every banker should know enough law to distinguish between what is law and what is mere opinion, so that he can act intelligently. Contracts form the basis of that part of law which is of chief importance to bankers. The study of commercial and banking law, therefore, must have its foundation in an understanding of general business contracts. After determining what a contract really is, legally and its practical results, we must consider contracts involving special features, such as agency, the relations between employer and employee, and various business transactions which are carried on through agents or employees. Special attention is devoted to the Negotiable Instruments Act and decisions relating to that Act.

As I stated before, membership in the Institute is had by chapters. It is through local chapters that the practical work is in the main conducted. Systematic instruction is also conducted by correspondence from the general office in New York, but only in the country districts where there are not enough men to support a local chapter. As one of the aims of the Institute is to keep bank men posted on problems of current affairs and to have those problems discussed by bankers, business and professional men, most chapters hold one or two meetings each month for addresses on such subjects. Moreover, members

themselves are invited to write papers on any subject pertaining to banking and read them before the chapter. This forum enables men in one department of a bank to obtain ideas from others in the same line of work and also to learn from men in different departments and equips them with a better understanding of bank work in general. The man who knows things and shows that he knows them by presenting his views before an audience in the form of a paper or by discussion or debate, has by that very effort crystallized his fund of information and made his own knowledge more useful to himself, as well as profitable to others, because he has provoked thought in himself and his auditors.

The study courses of the Institute are conducted under two general titles—Commercial and Banking Law and Banking and Finance. Lectures on the subjects under these two divisions are delivered by competent instructors. Philadelphia Chapter now has a class of over eighty men meeting every Tuesday evening, before whom Franklin Spencer Edmonds lectures on Commercial and Banking Law. Printed lectures on the various subjects have been prepared for Institute work and are used as a guide by the lecturer. These lectures were prepared under the supervision of the Educational Director of the Institute and the General Counsel of the American Bankers Association and are calculated to present principles of law with which every man engaged in banking should be familiar. They do not aim to make lawyers of bankers, but to equip the bank man with knowledge of certain fundamental principles of law that will enable him to decide quickly when occasion arises.

Likewise the lectures on subjects grouped under Banking and Finance are being crystallized around certain established principles governing business as they are presented from day to day to bankers. These lectures are calculated to guide the mind into habits of thought that will be helpful in arriving at a correct understanding of business problems. Here, too, the course has been prepared along lines of most interest to bank men and yet has been kept general enough to afford an understanding of general business matters. Hence, it is through study of certain required subjects, and through organization of chapters, in which personal association inspires educational work, that the objects of the Institute are carried out. To students who complete the courses of study and pass the required examinations certificates are issued in the name of the American Bankers Association, American Institute of Banking Section.

Now I have attempted to convey some idea of what the American Institute of Banking is. Much of what I have said was already familiar to many of you, but I hope I have succeeded in creating some interest where, possibly, none was before. A few weeks ago the morning mail brought to my desk a folder from an advertising agency on which appeared this couplet:

To succeed in business, 'tis no disguise,  
You must work like hell, and advertise.

An active interest in the American Institute of Banking presupposes a willingness to work hard with unswerving loyalty to your bank and that loyalty can be made more real, both to your bank and to your-

selves, by grasping every opportunity to acquire knowledge concerning your vocation. If you are not satisfied with your stock of knowledge, become identified with the Institute and learn with us. If you are satisfied with your stock of knowledge, become identified with the Institute and teach us. We are all there to learn and back of our efforts let us keep in mind the difference between the lightning bug and the measuring worm, for 'tis said—

The lightning bug is brilliant,  
But he hasn't any mind.  
He goes through life a blundering,  
With his headlight on behind.

But the measuring worm is different.  
When he starts after peif,  
He stretches to the limit,  
And then he humps himself.

### COLLECTIONS AND TRANSITS.

By O. Howard Wolfe, Secretary of the Clearing House Section of the American Bankers Association—Increase in the Use of Checks and Methods Adopted to Solve the Problem of Their Collection—Development of Clearing House Thought on the Subject—Synopsis of a Lecture Before Boston Chapter.

**B**ANK checks, which circulate as cash and are received on deposit as such, may be classed in four different groups with respect to place of payment. They are (1) the checks payable by the bank where they are deposited, known as "self checks," "own items," or simply by the name of the bank; (2) clearing house items which are those payable in the regular exchanges through the clearing house; (3) items on non-clearing banks which may be known by a variety of terms, such as "miscellaneous city," "brokers' checks" or "runners items," this last term defining the method of presentation, and (4) "foreign" checks. In the language of negotiable instruments, a foreign bill as distinguished from an inland bill, is one which is made in one state and is payable in another. A foreign check, however, is one payable outside the city in which it may be deposited for credit and collection. The term "foreign check" is falling into disuse and bankers have adopted instead "transit item." This latter is the better word, since it suggests motion, activity and purpose. To borrow a definition from grammar, it might be aptly said that "transits" are transitive whereas foreign checks are intransitive.

By investigation, we find that transit items follow certain well-defined channels in the process of collection, finding their way along the lines of least resistance into the so-called transit centers from which they are sent to their place of payment. Definite direction is given to this movement of checks by the method of figuring reserve as prescribed by the National Bank Act. As you are aware, country banks keep a percentage of their reserve on deposit in cities of a certain class, who, in turn, keep a por-

tion of their reserve balances in the central reserve cities. The result is that the country banker has found it entirely practical to use his reserve agent as a clearing or collecting medium for handling his transit items. It is probably safe to say that his balance is used primarily for this purpose and is only incidentally reserve. Thus the reserve cities have become the collecting centers as well, varying in importance in accordance with their geographical situation or financial resources. Chicago is the center which handles the greatest number of items, some of the larger banks there employing several hundred men in the transit department alone. New York, which is the financial metropolis, does not rank very high as a transit center on account of prohibitive charges for the services. Boston is one of the best known on account of the relationship the Boston Clearing House bears to New England, Philadelphia, Baltimore, Kansas City and New Orleans are other important points upon the transit map.

While this lecture is upon the subject of "Collections and Transits" we cannot devote the time to "collections" except as they are a part of transit business. Collections are usually those items which are deposited for collection and credit, instead of credit and collection. They may consist of checks and bank drafts, but more often they are notes, time and sight drafts. They have certain features requiring especial treatment in the matter of bills of lading or other documents, presentation, maturity, protest, etc., which we cannot here take time to discuss. In almost every particular, however, these items are subject to the same methods of treatment and therefore can be included in the general discussion of our topic.

The original function of the bank was that of guardian of money or valuables, a place of safety in the days when men's lives even were scarcely a matter of concern, and their valuables less so. The banker was usually a feudal lord, or at least someone who had the power to protect that which was committed to his care. His capital was the confidence placed in him by his depositors, a real and tangible capital, although it did not appear upon the "statement." Next came the loan, since it is readily imaginable that money so intrusted was a tempting source of power to him who had it under his control. And although the "banker" at first was the only borrower, it was but an easy step to extend the use of money to others who were willing to pay for it. Thus we have the development of the three most important items on the bank statement, the deposit, the capital and the loan.

The banker next became the agent for the transfer of money either in the shape of gold and silver, or negotiable instruments. And then to the banker was added the bank clerk. I suppose if I were to ask you, or any similar body of bank men, what need there is for you in the modern scheme of economy, you would be at a loss for a moment to tell me just why. It is due to the development in the use of negotiable instruments, or to specify the most common form, the bank check. Not loans, or gold or silver, or capital, credit or cash, but the collection of orders for the payment of money—which is what checks really are—this is the phase of banking which calls for the employment of most of the men who are engaged in

doing the actual work, the men behind the guns of banking. And strange to say, it is a subject of which many know very little. It is called usually the Transit Problem, and it is a problem only because little study or attention has ever, thus far, been given to it.

The increase in the use of checks has been very marked in the past twenty years. A certain increase was, of course, to have been expected in response to the natural growth of the country. Statistics have shown, however, that the increase has far exceeded the development of commerce and trade. In a single year the bank with which I was, until recently connected, found that its transit business had grown from \$845,000,000 to \$1,004,000,000 and I had accurate figures which showed that this increase in the use of checks did not fall off to any extent in the depression following the panic of 1907, although the amount in dollars and cents did fall sharply. It must be borne in mind that this increase does not mean increased prosperity for the bank. Quite the reverse. The handling of great numbers of checks with the attendant bookkeeping, stationery, clerk hire, etc., is a constantly growing expense.

Let us consider for a moment the reasons for this increase in the use of checks. There is hardly a feature of our geographical, political or financial history which has not had a contributing influence upon the matter and the same conditions could hardly have resulted in any other nation in the world.

Geographically, we are ideally situated. We have the cold, but fertile, wheat and cattle-producing country of the West and Northwest; the rice, cotton, sugar-cane and tobacco of the semi-tropical South; the sunny vineyards, gardens and fruit orchards of southern California and the Pacific slope; the mills, factories and workshops of New England, while in every section there are to be found the riches of the field, the forest and the mine. With all this natural wealth of resources there follows as a matter of course that we have good transportation facilities by land and water. Added to this, we are an aggressively advertising nation. Consult the columns of the daily paper, the weekly or monthly magazine, and you will find that the producer and the merchant are advertising their goods for sale wherever steam or electricity will carry them. To move this great machinery of commerce requires a vast amount of credit and the bank check is the best adapted instrument of credit that has yet been devised for the purpose. About 90 per cent. of all business in this country is done on a check basis, probably 8 per cent. on a cash basis, 1 per cent. is a question of barter and that will leave us 1 per cent. to take care of the bank clerk who doesn't pay his tailor's bill and others who don't settle at all. In any event, the use of the bank check has been fostered and encouraged by those who have goods to sell to buyers who live at a distance.

As I have said, the increase of expense in handling these checks has fallen upon the banks and the banks, generally speaking, have acted in an entirely human manner, and instead of doing the best thing they have done the easiest thing. That is, they have collected their toll from the last endorser rather than from the maker of the check. And in so doing, they

began to find that they could not only make expenses, but a profit as well. Consequently, banks also encouraged the use of checks and here we have another reason for the increase. But with the increase with the cost which falls upon the banks at the same time it may be said that the bank's source of income is being curtailed. The development of the country has proceeded to such a stage that with the exception of the South there is no longer such demand for capital that money will earn 7 and 8 per cent. as it once did on good security. Then, too, the increase in the supply of money has decreased the demand. In short, while the demands of the depositor are increasing, the value of his deposit is decreasing.

In facing this situation, bankers have pretty generally demonstrated that they do not know what to do. At first they were disposed to attempt to restrict the use of the bank check, the very poorest plan of all because, properly circulated and redeemed, the check is the ideal form of currency. The action taken by the New York Clearing House, of which I shall speak later, was intended to have the effect of limiting the circulation of checks to the district in which they originated. Some money was to be made by this plan and other clearing houses, glad of the example set by New York, followed suit. Then the country banker was not slow in raising his exchange rates, until today the exchange question is the biggest evil we have to contend with. It would not be so important if the cost were put upon the man who gets the benefit of the use of the check, the maker. But it is put upon the man who is least able to defend himself and he is not consulted as to the rate.

It has come to be the fashion to blame all our currency ills upon the National Bank Act and there is much justification for this criticism. We do less than 10 per cent. of our business, you understand, with currency, yet it is upon this basis that we attack the Bank Act. Its shortcomings in reference to the 90 per cent. of business done with checks is given little attention except as it affects the reserve question. Much of the transit problem is due to the way in which banks are allowed to hold the reserves of other banks. If this reserve were a matter of gold or notes it would be a proper and available reserve, and it is probable that the men who framed the act had no idea that the result would be as it is. This reserve today is more a matter of bookkeeping than anything else. It is represented largely by checks in transit and in process of collection.

The other defect in the National Bank Act is that it provides no medium of exchange of par value for use between the banks. Banks are either forced to ship currency or use their draft on another city. Currency is expensive to ship and does not always come in the proper denominations and must then be counted and reshipped for exchange in another form. Forced to find a better medium than currency, banks have, by common consent and usage, adopted New York funds as being of par value, generally speaking, all over the country. But since New York adopted the exchange rules of 1899, the country banker has no longer been able to convert his eastern checks into New York exchange at par. Consequently, he increased his rate of exchange in order to come out whole. This practice of increasing exchange rates

has gone on until it has become a matter of greatest importance. In order to escape exorbitant charges, checks are sent far out of their regular channels for collection and often pass through the same town many times before they are finally presented for payment. And as I will show you, our reserve laws are such that these same items, while they are in the hands of the railroads and post offices, are all counted as legitimate reserve.

It is possible to estimate fairly well just how large this volume of business is, that is, at all times on the move. To appreciate these statistics let us imagine that all the seven thousand odd national banks exchanged checks in a common clearing house at one time, just as the local banks do. Such a plan is, of course, impossible, but if done there would, naturally, be no balance, the total debts would equal the total credits. In other words, the "due by National Banks" would exactly equal the item "due to National Banks." The item in the bank statement "due by" means all those balances which are due from other banks and includes those checks which have just been mailed. The "due to" item is the credit balance of other banks and includes all those items which have been received for collection. The difference between these two amounts would represent those checks and currency shipments which are actually en route.

**Resources.**

Due from national banks not reserve agents .....	\$450,725,913
Due from national banks reserve agents .....	751,993,137
	\$1,202,719,050

**Liabilities.**

Due to national banks not reserve agents .....	\$1,011,873,574
Due to national banks reserve agents..	46,640,166
	\$1,058,513,740

When we consider that the larger amount has been decreased by remittance drafts not yet received and charged to "due to" and the smaller amount is increased by collection items paid but not yet charged in "due by," you will see that the real amount as between national banks is very much larger. These figures represent only national bank transactions. However, from the figures we can obtain when the trust companies and state banks issue statements at the same time at the call of the Comptroller we are able to estimate that there is at all times at least \$200,000,000 in the hands of the carriers. You will see, therefore, that any matter involving so large a sum is of very great importance.

Twenty years ago, with 3,800 banks reporting, the amount outstanding in round numbers was \$25,000,000. In 1902, with 4,600 banks, it had grown 100 per cent. to over \$50,000,000. The most recent figures noted above, furnished by 7,300 banks, amount to \$144,000,000. Here we have the statistics which prove beyond question the enormous increase in the volume of transit items in the past twenty years.

Let us review roughly the methods and practices in operation today and we will then be able to

discuss more intelligently the remedies proposed. Checks originate, as I have said, in every part of the country where there is a buyer who deals with a merchant in another section. By the use of his personal check the buyer avoids the trouble of going to his bank or post office to secure a draft or money-order and he is also able to keep better records of receipts. The seller receives many or few checks daily in proportion to the volume of his business and these are made up into a deposit which he gives to his bank, he receiving credit at once. Time was when he was credited only upon receipt of returns, just as collection items are handled today. But this system was soon outgrown and for convenience all around, checks are now accepted on deposit as so much cash. Here we have problem number one. The depositor has been educated into the idea that as soon as his deposit of checks is entered to his credit he has the privilege of drawing upon it as cash. To my mind it is one of the very important features of the transit problem that a bank should not allow a depositor to draw upon uncollected funds, because the bank must then draw too close upon its reserve agent and the resultant complications are passed along the line gathering impetus as they go.

Country checks are received in deposit either at par or at an exchange charge. If at par, then the depositor is usually obliged to carry what is known as a compensating balance, that is, the income from the balance must be sufficient to pay time cost, exchange charges, interest or any other operating expenses. If the checks are subject to an exchange charge when deposited, this charge is supposed to cover all the expenses, and the banks usually see to it that the rate is high enough to yield a margin of profit. But whatever may be said in favor of the plan of charging depositors for collecting country checks, it has the decided disadvantage of allowing them to use uncollected funds. I have not time to discuss the use of the analysis department which is an important adjunct to the transit department of a bank, except to say that it is the function of the analysis department to see that accounts are maintained at a profit no matter on what basis country checks are received on deposit.

From the receiving or mail teller's departments the country checks are taken into the transit department. They are endorsed and assorted into the outgoing letters, which are of three different kinds although they are not necessarily handled separately. These are the letters going to reciprocal accounts, the totals being charged against the balance of the bank to whom sent; the remittance accounts which are letters for which remittance is made at stated intervals, usually daily, and third, the concentration letters. Each of the three has its own problems and all three have many in common. I shall speak of the two most important only, circuitous routing and exchange overcharges and since the improper routing of checks is almost always due to an effort to escape exchange charge, we can cover both subjects by dealing only with the exchange problem.

The first Conference of Clearing Houses in the United States was held in 1899 to discuss ways and means of solving the constantly growing evil of exchange charges. New York City had just adopted the

policy of a fixed rate which was to be applied to certain districts, and it seemed to be the sense of the first meeting that this was the solution. Many other cities followed suit and today the plan is in practice in the large majority of clearing houses in the country. But instead of solving the problem it has only aggravated the situation, the country banker increasing his rates from time to time in a never ending process. The next plan proposed emanated, I think, from New Orleans. It proposed a standard rate of \$1 per thousand to be charged by all banks for remittance. It is doubtful if this idea could ever have succeeded in any event, but with the necessity of concentration of country checks it was foredoomed to failure. For example, Boston is the logical collection center for New England, and to Boston would be sent, as now, a greater part of checks drawn on New England banks. At the standard rate of \$1 per thousand Boston would be compelled to remit in New York funds at that rate for Boston checks, as well as Maine or Vermont items and the banks in these last named states would have charged the Boston banks, as agreed, \$1 per thousand. To get around this difficulty it was proposed to have the country banker remit at par and collect his \$1 per thousand from the maker of the check. And although this is exactly where such a charge ought to be put, it would have put many small banks out of existence in that they would have lost all their depositors—so the system went into the discard.

But we are making progress. Having abandoned all other suggestions, the best clearing house thought is now turning to the country clearing house idea of which Boston is the pioneer. And although I cannot tell you anything about the plan here, with which you are all familiar, I can speak a little of how and why the idea is gaining ground. From the viewpoint of economy in clerk-hire, bookkeeping, stationery and postage, it is the best system that has yet been devised. There is never any discussion upon this point. As a means of influencing or coercing the country banker who is living off exchange, you have the very best combination. As was done in Kansas City, the small banker may be approached in a diplomatic manner and the advantages he derives are shown him. Instead of receiving a dozen or more letters a day, he receives one and his bookkeeping and other clerical work is greatly reduced and he has but one draft to draw in remittance and he uses but a single postage stamp instead of fifteen. If he refuses to reduce his rate, the checks may then be collected through the express company or otherwise and if this plan is not possible or successful there remains the expedient recently adopted by the Nashville Clearing House. Checks on banks who make exorbitant or arbitrary rates are refused by the clearing house and are plainly marked with the reason why. The depositor receiving his checks returned as being not acceptable goes at once to his banker and there is usually a readjustment.

The country clearing house is of several different varieties. There is in many parts of the country what may be termed the county clearing house, where each bank in the county keeps an account with a bank in the county seat where the clearing house is located. Each member of the clearing house

charges to other members checks drawn upon their correspondents within the county. This plan is followed by the Cleveland, Ohio, banks who use it for the collection of those points which are hard to handle. Every clearing house bank undertakes the collection of a certain number of these difficult points and the other banks clear their checks on such places through the bank named. We find the plan in widest extension in Kansas City where the clearing house undertakes the collection of items all over the great southwest.

In my opinion, it is only a question of time when the Boston plan will be in operation generally throughout the country. Just as the reserve cities have been self-chosen for geographic and other reasons, so these cities, with the addition of others, will inaugurate the country clearing house plan so that there will be no country bank anywhere farther than one night's mail from its collection center. For the present, the exchange problem will continue to be a live issue but only until we secure a common medium of exchange of par value. This will be supplied by the National Reserve Association and until we get that or an extension of the Sub-Treasury system there will be a reason for an exchange charge sufficient to meet the cost of shipping currency. But with a reserve association the transfer of funds is merely a matter of book entries and will enable the banks to realize the transit millennium. We can probably never attain, in this country, the advantages such as are realized in Germany under the Giro system of remittance but we can assure ourselves that pyramided reserves, circuitous routing of checks, delayed remittances, and exchange grafting will not be tolerated indefinitely. The end is near.

#### MR. KNIFFIN'S QUESTIONS.

To the Editor of the Bulletin:

I was very much interested in the questions propounded by Mr. Kniffin in the January number of the Bulletin, and particularly in question three which reads as follows:

"Does the Institute Fellowship class as now constituted—one-third graduates and two-thirds others—properly represent Institute ideals?"

Now Mr. Kniffin's friends—and their name is legion—if they know anything about him at all, know that he is fundamentally a kindly and considerate gentleman who would not knowingly say or do anything to hurt anybody. But it seems to me that I can detect in between the lines and the words of this apparently innocent question just the least bit of a tap—not a knock, mind you—just a tap.

I hold no brief for the Fellowship class and am speaking only for myself, but I think no man will quarrel with the assertion that in spite of the obvious answer to Mr. Kniffin's question, Fellows of the Institute, with possibly one exception, are an unusually fine class of men. Of course, not all of them are educational cranks, and not all of them are keen for that thing which Mr. Allen and some others insist is the primary purpose of the Institute—but what of



that, is it necessary that our "House of Lords" should be made up entirely of grinds? There is room in the Institute for both the graduates and for the "others" as Mr. Kniffin so naively denominates the latter class. And, therefore, why should we not make provision for both classes in our constitution? It seems to me that this is the straightforward, as well as the logical and sensible thing to do.

For instance, how would this do as a substitute for Article IV:

Fellows of the Institute shall consist of two classes, Political and Educational. Members of the Institute shall be eligible to election to the former class in numbers not exceeding ten annually, subject to the following qualifications:

(a) Members of the "Old Guard" who are not now Fellows, and who have not taken and who agree never to take the prescribed Institute courses;

(b) Chapter members who have for three successive years shown conspicuous ability in the politics of their local chapter;

(c) Institute members (not graduates) who for three successive years or more have been active in the politics of the national organization, and who agree to remain active in this department of Institute work so long as there are any political positions to which they have not been elected;

(d) And such chapter members as can successfully establish the fact that they have firmly and resolutely refused to take the prescribed Institute examinations each and every time that the opportunity has been presented to them.

Members of the Institute shall be eligible to election to the Educational class in numbers not to exceed ten annually, provided they have passed the prescribed examinations of the Institute.

If such an amendment should be passed, the proper committee could prepare a certificate to be issued to Political Fellows somewhat similar to that issued to the graduates, the wording to be something like this:

This certifies that Mr. \_\_\_\_\_ has successfully sidestepped the course of study and passed up the examinations provided by the American Institute of Banking Section, and is a confirmed and consistent member of the Political class of the Institute. This diploma entitles him to membership in the Political class so long as he remains true to its fundamental principles.

The above suggestions, and they are merely suggestions, are made in the hope that, based on Mr. Kniffin's cleverly worded questions, they may provoke some discussion that will develop a solution of the Fellowship problems which will be at once equitable and practicable.

Yours very truly,

F. W. ELLSWORTH.

## RESERVES AND THE RESERVE ASSOCIATION.

By Gray Warren of the First National Bank of Minneapolis—Paper That Won the Hulbert Prize.

"What inducement is there under the Aldrich plan for national banks to carry their cash reserves in the Reserve Association rather than in their own safes?"

The fact that at the present time all banks that are reserve agents of others pay interest on such balances creates at first thought the impression that with the Reserve Association prohibited from paying any interest on deposits banks would not take advantage of the provision that deposits with the Association would count as part of their reserve.

In this connection it might be well to consider the question of reserves. It has been held, with great force of argument, that any reserve that earns interest ceases to be a reserve in its true sense. Reserves must be instantly available and when they are drawing interest they cease so to be as in order to earn the interest they must be invested and thus the purpose for which they were designed is at least partially defeated. This was distinctly shown in 1907 when all bank reserves on deposit with other banks became unavailable to meet a crisis. It has been advocated that the percentage of required reserve be reduced and that the allowing of interest on reserve balances be prohibited. It is not a remote possibility that this action may be taken at some future time. In New York, where the largest amount of reserve deposits are now held, it is the custom in order to have these deposits as available as possible to put them out on call loans secured by stocks and bonds. This encourages speculation to the detriment of legitimate business in general.

The reasons why banks would carry balances with the Association are divided into two classes, those based upon public spirit and the welfare of business in general, and those based upon strictly selfish motives.

That conditions would be improved by the centralization to a certain extent of reserves is beyond dispute. This has been demonstrated during financial panics and crises by the action of the different clearing houses in pooling their reserves for mutual protection. The result of this action shows the good that would be derived from some system that was in operation before as well as during the breaking of the storm. There is also a degree of economic waste in the practice of each bank maintaining its own large cash reserve and in time of stress building it up at the expense of others and aggravating the general situation.

If the gold, which is back of all reserve money, were deposited with the Reserve Association its notes could be issued against a certain per cent. of the amount and thus a better and more scientific use made of the immense gold holdings of this country. The fact is there appears to be no contention among the authorities but that it would greatly benefit the country if the banks would carry a portion of their reserves with the Association. The only contention being that they would each take an independent, narrow and selfish view of the situation and carry their reserves in cash in their own vaults. To counteract the belief in such action I think it is only necessary to point to the history of the bankers of this country and their patriotism at the time of the Civil War and at other times when called upon to support the general situation. They have never yet been found wanting. It only remains for them to be shown that the action desired of them would benefit

the country generally and there is nothing to show from any action they have taken heretofore that they will fail to respond to the demands made upon them. Particularly is this true when it is shown that by depositing a portion of their cash reserve, now held in their vaults over and above what is required for till and counter use, the action will cost them nothing. It seems to me illogical to take the view that any man or set of men would refuse to do for the public benefit that which costs nothing. Men and institutions are naturally selfish, it is admitted, but when they know particularly as bankers that anything that will tend to promote general prosperity indirectly is of great benefit to their own business and its continued success it does not seem even remotely possible that they would consistently refuse to take the desired action. To deliberately act in a selfish manner one must see some benefit to be derived for one's self or for one's institution. In the case before us there is no such benefit to be gained. We are all on the outlook for opportunities to receive credit for good actions that cost nothing on our part.

When it comes to selfish motives for carrying a large proportion of their cash reserves with the Association there are several that it appears to me would weigh heavily in favor of such action. By carrying balances with the Association instead of cash in their own safes greater safety would be insured as there would be less temptation to robbers to attack bank safes in the hope of securing large amounts of cash. This would be particularly true of the smaller banks where the same protection cannot be secured as in the larger centers. Nearly all banks carry burglary insurance and the premium paid for such insurance is based primarily upon the amount of cash carried in the vaults and safes of the bank. From this it may be seen that the question of economy would be an important factor when we consider the large amount to be saved in insurance premiums.

From the standpoint of selfishness if it can be shown that the balances carried with the Association will have great utility I think there is no doubt that such balances will be carried. The question of exchange charges and the transferring of balances between centers is one of the most important before the bankers of this country, and while frequently discussed seems as far from proper settlement and adjustment as ever, with our present banking system in operation. If as under the proposed plan banks carried balances with the Reserve Association funds could be transferred, in the shape of credit, between different centers and with other depositories. If a branch of the Association were established in Minneapolis, for example, and a Minneapolis bank desired to transfer funds to New York or Chicago such transfer could be made from the bank's balance with the Association without charge for making such transfer. In case the bank desired currency it would be forthcoming from the branch at Minneapolis upon demand and charged against the bank's balance. There would be an immense saving over the present manner of conducting such operations.

Another service balances with the Association could render would be to aid in the settlement of ex-

changes between banks and in the settlement of clearing house balances due. Checks on the Association could be used in the payment of balances due and thus the handling of actual cash, with its attendant expense and inconvenience, avoided. In most centers, under present conditions, New York exchange is at a premium most of the year and while often taken directly or indirectly in the settlement of balances due from the clearing houses the current rate must be paid for the same. Under the proposed arrangement loss in exchange would be avoided.

There is another service that the Association could render the banks and banking system of the country if the banks would generally carry balances with it and that is the handling and collection of checks drawn on different points in the United States. In no country in the world has the checking system been so developed as in this. The rapid development in the use of checks in the making of payments has furnished us with many problems as to their handling which have been only partially or imperfectly solved. The pyramiding of credit as these checks pass from bank to bank has resulted in an enormous expansion of credit, just how much no one has dared to estimate. That it is of such an amount that it needs to be considered in any discussion of our financial affairs all admit. When checks issued on a county seat in Iowa and presented at an adjacent county seat find their way as far east as Philadelphia before starting home on a winding way for payment; when checks drawn on points in Minnesota, North and South Dakota, sent to Chicago in the payment of goods, go to Boston before starting home through various centers; some idea of the situation is disclosed.

To cure this evil the Reserve Association, through its branches and banks carrying balances with it, could collect checks drawn on any point in the United States in a very direct manner. In this regard they would act as the Boston Clearing House does for the Boston banks in regard to items on the New England States and as various other clearing houses do for the centers and districts in which they are located. This would surely be a great service rendered to the banks and a great saving in the expense of collecting checks as has been demonstrated by the Boston Clearing House and the collecting of New England checks, as well as by other places that have adopted the same method. Under the system now in general use for collecting checks there is an immense amount of expense incurred that under a scientific system could be eliminated, thus saving a vast sum that at the present time is an indirect tax upon the people generally.

When all the benefits to be derived from banks carrying balances with the Reserve Association are considered and the fact remembered that such balances cost the banks nothing, but in fact will save them money (being maintained from the cash that now lies idle in their vaults) I see no reason for the slightest doubt as to banks carrying at least a large proportion of their cash reserves with the Association. This is particularly true as it need not affect their arrangements with their present correspondents who now allow them interest on their balances.

**COLLATERAL LOANS.**

By Thomas B. Nichols, Assistant Cashier of the New York Produce Exchange Bank—Address before New York Chapter.

IN my observation bank examiners who delve most carefully into most details of a bank's affairs are apt to make only a casual examination of loans secured by merchandise. In years gone by, bank examiners have been known to remark that they did not know much about these loans and would take the bank's word for it. This may be complimentary to the bank, but hardly in line with proper bank examination, and I believe that losses which some banks may have sustained could have been avoided had they received in the past an intelligent criticism of the security behind these loans which a bank examiner should be qualified to give. And the banks themselves have exhibited a timidity about merchandise loans which is not commendable. A mercantile firm once applied to Bank A and Bank B for loans on warehouse receipts. Bank A said, "We don't know anything about warehouse receipts but will loan you on your own note." Bank B took a note with warehouse receipts as collateral. Later, when the concern failed, Bank A had the paper, Bank B the goods.

There has been money lost by banks making merchandise loans and though there are exceptions to the rule, I believe that in the average case the amount is small compared to the benefit received from accounts retained by the bank because of granting this facility, and the amount of interest made on such loans.

If there is anyone that has not read the able essay on the "Essentials of Granting Credit," by William H. Kniffin, Jr., which won the Cannon prize, he should do so because all that he says therein has a direct bearing on the subject before us. And so in making collateral loans as well as any other loan, we come to the first consideration—the borrower, and we must first see how we analyze the applicant for a loan on merchandise.

In the first place, we want to ask ourselves whether his account warrants his borrowing. Your standard for this will vary according to the size or independence of your institution, but it is safe to say that you do not want to bother with a merchandise loan for a customer whose account does not average at least \$1,000. And then you must ask yourself, "Is he honest?" It will be far better if he is honest and of small worth than well-to-do and guilty of sharp practices. "What means has he and is he taking too great a risk for his means?" "Is he swinging too large a quantity of a commodity, the market for which may take a sudden drop?" You will remember that he need not be as strong as if he were borrowing on his own paper for you will have some security, but he need be stronger than if he were borrowing on Stock Exchange collateral, the reason for which is obvious. And you will want to know if your prospective borrower is an out-and-out speculator. The temptation to speculate in commodities is very great and the speculator will not make a proper borrower.

Decided then that the borrower passes the above tests, we come to the note made either on demand or time, called a collateral note or sometimes a "cut-throat note"—both expressions being duly descriptive. "Cut-throat" because the collateral is absolutely pledged; you may call for additional margin at any time; you may sell the borrower out at either public or private sale; if he does not respond immediately and may even buy in the collateral yourself.

And last, but not least, the borrower is pledged to make up any deficiency between the amount of his loan, interest and cost of sale and the amount he owes the bank.

Now, as to the collateral on which you will loan. It is impossible in one evening to cover the entire field of commodities on which you may loan, but among them is wheat, which is dealt in on all leading produce exchanges and is readily salable at all times. An inspection certificate showing the grade may be obtained from unbiased responsible inspectors. Wheat flour is always salable at a price but is dangerous to carry through the summer as it may sour in warm weather. It fluctuates considerably in price and it sometimes happens that the bid price is considerably below its actual worth, i. e., buyers are holding off.

Cotton can be sold as long as people have to wear clothes and you should insist upon an accompanying inspection certificate. Be sure you have cotton and not linters. Some years ago, a foreign exchange house, not a bank, purchased from a customer in the South a bill of exchange for about £10,000 (\$50,000), supposedly secured by a shipment of cotton. The bill of exchange was not honored and the cotton turned out to be linters. Now, linters are the leavings on the cotton plant after the good cotton is picked, and cannot be woven as is good cotton.

Corn is worth while to loan on if you know that it has been kiln-dried, otherwise beware of its getting "hot" (a process of fermentation). You can get inspection certificates with corn as with wheat and oats.

Certain grades of rubber are good collateral but you must know on what grades to loan, and which to leave alone. And you must remember that rubber shrinks in weight in storage.

Coffee is acceptable, has inspection, and is readily salable.

Other commodities along the lines I am now mentioning are more or less good collateral, but opinions differ as to the desirability of many of them, and the standing of your borrower, together with the special knowledge you may have of the particular collateral offered, will be your guidance in such cases.

Never loan on articles that are fads of the moment—a special style of plush, ornaments for ladies' hats, etc., as the styles may change and you will find your borrower in trouble and your collateral unsalable at any price.

Now, supposing you approve your borrower—he signs your note and gives you the merchandise as collateral. How are you going to find out what this merchandise is worth?

Well, right here is a chance to exercise your ingenuity, for you cannot turn to the list of quotations

as the average bank loaning on Wall Street collateral may do. We will see how to manage.

In the first place, there is the commercial paper like the Journal of Commerce, or New York Commercial, which quote the standard commodities daily and many other commodities once or twice a week. But with all due respect to the editors of these papers, their quotations are not, in my opinion, always correct. Perhaps the largest borrower on a certain commodity is furnishing some of the quotations. I don't say this is so, I say it is not unlikely. And so we turn to other sources in confirmation of prices furnished by the borrower. Chief among these are their competitors. It is a good plan to call up some firm dealing in the same commodity and ask them about what the market is. Then sometimes a borrower can show his original invoice for the goods which, while it does not necessarily show the present price, will give you an idea as to the value of the merchandise. You must allow for freight, if collect, and storage charges if goods are warehoused, though the latter is so small as to be almost negative. If the goods are consigned to your borrower, insist upon a letter from the shipper authorizing him to pledge the goods, else the shipper may lay claim to the goods when you want to realize on them.

Remember always that your values must be based on what you could actually sell the goods for in case of need, not on what your borrower may have them sold for, though, if sold to responsible parties, that will not welch this may have a bearing. The hardest time to get margin is when the market, say, for flour has dropped to \$5 a barrel and your borrower has his sold for, say, \$6 a barrel. He can't see your point of view at such a time. Beware of borrower's valuation of special brands as of flour for instance. You may have to sell in the open market and cannot expect to sell your borrower's special brands to special customers at the price he has been in the habit of getting.

Sometimes we have to take a roundabout method of arriving at values. For example, if you are not satisfied that the quoted price on rye flour in New York reflects the true market condition, take the cost of rye grain per bushel at, say, Duluth, multiply that by the number of bushels required to make a barrel of flour and the cost of freight and milling, and you have the approximate cost of rye flour in New York.

The question of margin is one of wide latitude. Of course, get all you can, but 10 to 25 per cent, depending upon the standing of your customer, and the commodity upon which he is borrowing is all you may expect. If the goods on which you are loaning have actually been sold, you may not insist on so wide a margin.

If your borrower does fail and you have the goods to sell, don't be in a hurry to throw them on the market for the trade will be watching for you and will be out for bargains. It is easy enough to carry them awhile and sell later on unbeknown to the trade.

Now as to the documents themselves—I call your attention to instructions to banks handling bills of lading issued by the American Bankers Association about a year ago, in which they point out dangers of the bill of lading as follows:

1. That except in a few states, it does not guarantee the delivery of article listed in the bill. Even if the agent signed a bill after listing more goods thereon than were actually received, the road would be liable only for the goods actually received.

2. It does not guarantee the quality of the goods shipped, but only gives a list as furnished by the shipper. Thus a barrel of cement might be shipped as a barrel of flour.

3. It may be fraudulently issued with a forged signature and hence not binding on the railroad purporting to issue.

4. It may have been issued in duplicate (duplicate not being so marked) so that two bills may be outstanding for the same shipment.

5. It may be still outstanding when a part or all of the goods listed upon it may have been delivered and no endorsement of partial delivery has been made.

6. It may cover perishable goods, the condition of which at destination may be far different from what it was when shipment was made.

The above is enough to scare any bank almost to death, but let us examine further and see if loaning on such collateral cannot be made safe with the proper precautions.

All the leading railroads are now issuing what is called the uniform bill of lading. In former days every railroad issued a different one but now on all the date, name of the shipper, name of consignee and description of goods shipped are all found in the same position on the bill of lading.

And now comes the crucial point in the matter of bills of lading. There is the order bill of lading and the direct consignment bill of lading. An order bill of lading reads that the goods are consigned to the order of John Smith. It takes John Smith's endorsement to get those goods and what is most to the point, the railroad requires the production of that bill of lading before the goods are delivered, or if they should deliver without the production of the bill of lading, you can hold them for the goods.

A direct consignment bill of lading reads "Consigned to John Smith" and John Smith can get those goods at destination without the production of the bill of lading and you can not hold the railroad for delivering to him. So don't loan on direct consignment bills of lading or else when John Smith fails and you go for the merchandise on which you have loaned, it may have been delivered long before on John Smith's order.

Bills of lading are issued covering shipments of grain on the Great Lakes, referred to as lake bills of lading. These are sometimes issued in sets of two or three or four and you want to be very sure to get all copies of the set for any one of them is sufficient to get the goods. Goods shipped on lake bills of lading should be consigned to an agent of a railroad at port of destination. Then they go into the hands of the railroad, but if consigned to anyone else you are running the same danger as in the John Smith case referred to above.

We sometimes see bills of lading for shipment of grain by canal. They are precarious documents on which to loan, for though a canal boat captain may know considerable about mules and even in these enlightened days about steam, he is not well versed in

commercial usage and if his consignee tells Captain Jim to deliver the grain at so and so and he will give him the bills of lading later on, Captain Jim is apt to comply with his request.

Then there are through bills of lading, i. e., bills of lading covering shipments of goods through from an inland city to Europe. These are issued in sets and you should see that you hold all copies issued. Endorsements on bills of lading should be watched to see that title is correctly passed as the document changes hands.

It has seemed manifestly unfair that the courts have frequently held that a railroad was not liable for goods listed on a bill of lading unless the goods were actually received. We saw this in the Knight, Yancy & Co. steal in the South last year, and the cotton buyers are seeking to prevent fraud from this quarter in cotton shipments by the creation of a validation certificate which scheme is too new to have yet proved its worth.

Bills of lading frequently say "Shippers load and count," which means just what it says, hence you ought to know something not only about your borrower but about his shipper.

The uniform bill of lading requires the shipper's signature at the bottom, but since the railroads hold that a rubber stamp impression of his name is sufficient, I fail to see what protection that affords anyone.

To show that you must use eternal vigilance, I quote a clipping from the New York Times relative to the recent failure of a grain house in Baltimore: "It is said that blank borrowed money from the four banks on warehouse certificates and bills of lading which are now the subject of dispute. Some of them are said to be numbers of gondola and flat cars which are never used for the shipment of grain, and one is said to have borne the number of the caboose which was attached to one of the freights."

There is always a danger from forged bills of lading. You should know if your borrower is getting a large amount of accommodation from you on bills of lading whether he has sufficient capital to stand a heavy loss of forgery of bills of lading.

One of the best methods I know of to verify bills of lading on which you are making advances is to ask your borrower to furnish you with the arrival notices—a notice sent by the railroad to the consignee when the goods arrive. If you see such a notice which bears the shipper's name, the date of the bill of lading, the name of the consignee, the car number, and a memo. of the goods, you may be certain your bill of lading is genuine.

Beware of a stale bill of lading. It is one of the gravest dangers in merchandise loans. The bill of lading may be genuine and the goods may have arrived but spoiled by lying in the terminal, or heavy storage charges may have accrued. If you are loaning on bills of lading emanating from Albany, for instance, and the goods have not reached New York in four or six weeks, it looks as though something was not regular. And so it proved in a case in the spring of 1910 with an Albany grain house of long standing. An agent in the employ of a railroad as its freight agent, signed blank bills of lading in bunches and turned them over to the treasurer of this com-

pany who negotiated the documents securing large advances of money from its customers without delivering the grain. In the suit of a grain dealer here against the railroad for recovery, it was shown that the practice resorted to was to draw drafts on two or more concerns for the value of a single shipment filling out the bills of lading to suit. In this way one of the Albany grain firm's customers would actually receive the goods while the others would not. Never suspecting the fraud, some grain men in this city paid the drafts sent by the treasurer of the company and used the railroad documents as collateral in securing money advances from local banks. Had the banks noted the dates of these bills of lading or endeavored to check them up by arrival notices, the fraud would have been discovered much sooner. A New York grain dealer has won a suit for \$91,000 against the railroad. This same man is agitating for a new form bill of lading which would be signed by a railroad agent under a definite power of attorney, would be made on the plan of a money-order to prevent raising, and has many other commendable features. To have such a bill of lading in vogue would make loaning on them about as safe as loaning on warehouse receipts, but those of you that know the struggle it took to secure even the present uniform bill of lading will feel with me that the day of such a perfect bill of lading is beyond your time and mine.

Loan clerks familiar with merchandise loans will tell you of loans in which there were four or five substitutions a day, until at night, practically the entire loan had been substituted. It keeps one busy but you at least have the satisfaction of knowing that the loan is not stale, and a dead or stale merchandise loan is worse than a torpid liver.

As to loaning on warehouse receipts, see that you have a reliable warehouse at a not too distant point. You cannot know the methods or laws governing warehouses all over the country nor how nearly related the one storing goods is to the warehouse owners, especially in small cities. Cases have been known where borrowers have moved goods on the promise to produce his warehouse receipts which were all the time pledged with his bank, but this never happens in the standard warehouses located in and about this city.

Good warehouse receipts are particularly desirable collateral because you can learn the signatures of warehouse officials and so guard against forgery, and if the receipts are those of a warehouse in or near New York, you may even see the goods on which you are loaning.

Loans are made on elevator receipts. These are about the best of all documents, for it is easy to know the signature of the officials of the leading grain elevators in and around New York, and you have a reliable railroad back of the receipt.

You will require that the borrower keep his goods insured in your favor in a good company. If you can get him to give you floater insurance covering goods anywhere about New York do so, but if he carries insurance at a lesser premium on goods at a particular spot, be sure the insurance covers the identical spot where the goods are. The railroads are responsible for goods except across the lakes and after arrival. If your merchandise is coming on a rail bill of lading,

and is to be sent across the lakes, have your borrower furnish you with lake insurance. Some borrowers insist that the railroads are liable for goods lost by fire occurring after arrival, but the railroads insist that after goods have actually arrived, they are acting only as warehousemen and as such are not liable for loss by fire—so you will insist upon having insurance on goods after arrival even though still represented by rail bills of lading. You should have some system of keeping track of expirations of insurance in order to see that renewals are lodged with you.

And here's a secret for you. Only one bank examiner has ever even asked if we held insurance to cover, and what is worse, I was told once of a bank official who, upon being offered insurance by a borrowing merchant, said: "Oh, you keep it; we have nothing to do with that."

In conducting merchandise loans, you may require the use of what is called a trust receipt. The original idea of a trust receipt was to enable a borrower to take out documents for a few hours, perhaps to exchange rail bills of lading for ocean bills of lading or to make entry of his imports at the Custom House. Used as originally intended the trust receipt is a safe instrument, but its use has been abused until now some borrowers have been allowed to take goods out on trust receipts and not return the exchanged documents or the cash received from sales of merchandise withdrawn until they feel inclined or until the loan matures. You do not want such trust receipts in your loans. I fear that if under the terms of a trust receipt, some lenders on oats tried to exercise their lien, they would have to perform post-mortems on a good many horses.

You should require borrowers to sign substitution blanks when making exchanges of collateral. They scarcely need explanation except for me to say that of course no substitutions of collateral are made without an official signature. Loan cards are used to record a description of the collateral pledged and its value.

Don't try to hide behind the fact that many irregularities in documents are state's prison offenses. That won't get your bank its money back. It is a state's prison offense for a man to take \$10,000 out of your paying teller's cage, but we are not giving anyone a chance to do it.

In certain foreign exchange transactions, we really have merchandise loans, for a bill of exchange drawn with documents attached is really such. The same general rules follow as with collateral loans. You will want all copies of the bill of lading issued, and the relative ocean insurance. In foreign exchange collateral we see queer things, of which I need to give but two instances to illustrate my point. In one case the collateral, and pretty poor when judged as collateral, was an exhibition cheese weighing about 6,000 pounds net, and the other was one live chicken shipped to South America. In the slang of a recent comic opera, "Some chicken, that."

I may have alarmed you to such an extent that as bankers, you feel you don't want to take merchandise loans, or as bankers that already have them, you want to cut them down, but this advancing on merchandise is an all-important matter looking to the commercial

supremacy of the country. Aside from the profits that may accrue we cannot turn our backs upon it in spite of its risk for as bankers, we owe it to commerce, which is in the first and last analysis our support. These borrowers merit our support much more than the speculator in Wall Street, even though a Stock Exchange house may borrow for him, or our friends, the fairly well-to-do ladies that are forever anticipating their income. It is a good straight legitimate business and handled with intelligence, and proper care, it can be made eminently safe.

There are loans made on toys imported from Germany in the shape of credits, loans on a multitude of goods handled by our large dry goods houses, and loans, I imagine, on nearly everything you or I consume—all of which come under the head of collateral loans and about which I cannot tell you tonight.

A loan we once made with two \$1,000 bills and one \$500 bill as security was, I suppose, a collateral loan. Certainly no collateral was ever more closely scrutinized, but the explanation of the transaction was that the borrower wanted to use those identical bills in a few days and needed the money in the meantime. As opposed to such security, an uptown banker in the ladies' district, if you please, told me of an application by one of the fair sex for a loan, who offered as "security" her fire insurance policy.

In Wall Street the broker buying for his customers on margin borrows on Wall Street collateral, from the banks on time, or more frequently on demand. The banks carry a proportion of their deposits in such loans because they are "quick call." It is essential that the collateral be good securities, if stock properly endorsed in blank, if bonds in coupon form or else registered bonds payable to bearer.

The margin required at all times is 20 per cent. minimum. Care should be taken to see that the collateral is maintained at or near its standard when originally pledged and not depleted by substitutions.

A "Street" loan may be called, by the bank or paid off by the borrower up to 12.30 each day after which time it is considered renewed for another day, or if renewed on Friday, it goes over until Monday. The rate of interest is agreed upon between borrower and lender each day and is governed by the amount of money on the market to loan and the demand for it. Many people wonder how usury is avoided when they hear of money in Wall Street being 12, 15 or 20 per cent. The law reads: "Upon advances of money repayable on demand to an amount not less than five thousand dollars made upon warehouse receipts, bills of lading, certificates of deposit, bills of exchange, bonds or other negotiable instruments, pledged as collateral security for such repayment, any bank or individual banker may receive or contract to receive and collect as compensation for making such advances any sum to be agreed upon in writing by the parties to such transaction."

I have been told that brokers depend upon the difference between the rate of interest they pay on their loans and the rate they charge their customers for carrying them on margin to pay their office expenses.

There are loans made by banks to their depositors on stocks and bonds both active and inactive at varying rates of interest and with various percentages of

margin according to the standing of the customer and the nature of his collateral.

I shall be delighted indeed if what I have had to say tonight will be the means of assisting you to loan on documents covering actual goods while the other fellow holds only the promise to pay and while you are selling your cotton or rubber or oats, he will be waiting on the receiver.

Or, if when a bill of lading forgery case develops again, I want you to be the ones to hold the genuine checked up bills of lading and warehouse receipts which came to your bank because the borrower knew that YOU knew your business, and gave YOU only genuine documents.

#### ADAPTATION OF "BIG BUSINESS" TO THE LAW.

By George W. Norris—Address Before Philadelphia Chapter.

I BELIEVE that the announced subject of my address is "The Adaptation of 'Big Business' to the Law."

As this is a task of immense difficulty, which is now engaging the attention of many of the greatest legal and business minds in the country, I should deem myself entirely unfit to lay down any rules or principles, nor do I suppose that you would care to listen to any such attempt. I therefore propose to review briefly the conditions which have given rise to the present trouble, the principles which have been settled, and the methods which are being applied.

To grasp adequately a conception of what the conditions were which gave rise to the present trouble, it is necessary to go some distance back into history, but this historical review may be very briefly stated. Centuries ago the people of England realized that either absolute monopolies or partial monopolies, which were designated in legal phraseology "Contracts in restraint of trade," were productive of three injuries to the public; first, they increased the cost of articles of necessity; secondly, they tended to limit the production or supply, and thirdly, they tended also to impair the quality. In those times corporations were almost unknown, and it was not realized that it might be in the power of corporations or individuals to create monopolies without governmental sanction. The English people therefore considered that they adequately protected themselves against monopolies by prohibiting the grant or creation of a monopoly by the sovereign power. Partial monopolies, or "contracts in restraint of trade," were grouped under two general classes, one of them being described as "fore-stalling, regrating, and engrossing," and the other as "contracts in restraint of trade." The offenses denominated as "fore-stalling, regrating, and engrossing" were, in the main, such acts as we would now call "getting a corner" on any necessity of life by purchasing or contracting to purchase the whole of a very large part of a particular commodity in any particular district. Subsequently the English people came to the conclusion that acts of this sort were more apt to further and promote trade than to restrict it, and in the reign of George III and in the early part of the reign of Queen Victoria these statutes were repealed, and matters of that sort were left to the natural operation of economic forces.

In the meanwhile the world moved. Methods of communication and methods of transportation were extended to such a degree as to revolutionize trade conditions and, coupled with the development of the corporation idea of doing business, an entirely new situation arose. In this country the situation became particularly acute. It was generally recognized that some businesses—such, for example, as the telephone business—were what have been called "natural monopolies." Other corporations such as railroads, street railways, and gas and electric light companies were "limited monopolies"—that is to say, under many circumstances there was but a single corporation available to the inhabitants of certain districts for transportation or lighting facilities. The growth of huge corporations and the difficulty of enforcing the loosely drawn and often contradictory statutes of various states and of the federal government, created a third class of monopolies designated as "partial" or "potential" monopolies, and so in 1890 Congress passed the law popularly known as the "Sherman Act." The first section of that act declared illegal "every contract, combination, or conspiracy in restraint of trade." The second section declared that "every person who shall monopolize or attempt to monopolize or combine or conspire with any other person or persons to monopolize any part of trade or commerce shall be deemed guilty of a misdemeanor, punishable by fine or imprisonment or both." For many years that statute was rarely invoked, but within the last ten years the growth of such huge corporations as the Standard Oil Company, the American Tobacco Company, the United States Steel Corporation, and some of the great railroad companies, each of them employing an army of men and collecting and disbursing sums equal to the revenues of a principality, excited public alarm and stirred public officials to action, and resulted in the various prosecutions which have lately caused so much public interest. As a general rule the lower courts took the view that the "Sherman Act" was explicit; that it contained no qualifying words and made no exceptions; and that it was their duty to enforce its provisions literally, and to declare illegal "every contract in restraint of trade." Finally, two of these cases—those against the Standard Oil Company and the American Tobacco Company—reached the Supreme Court of the United States, and six months ago that court delivered its decisions in those cases. As you all know, the essential and striking part of those decisions was the declaration that the statute was to be interpreted "in the light of reason." The Standard Oil decision was the first of the two, and instead of attempting to quote from that decision I prefer to quote from the decision in the Tobacco case the words in which the Court gave its own brief summary of what had been decided in the Standard Oil case. In the opinion of Chief Justice White, in the Tobacco case, he says: "It was held in the Standard Oil case that as the words 'restraint of trade' at common law and in the law of this country at the time of the adoption of the Anti-Trust Act, only embraced acts or contracts or agreements or combinations which operated to the prejudice of the public interests by unduly restricting competition or unduly obstructing the due course of trade, or which, either because of their

inherent nature or effect, or because of the evident purpose of the acts injuriously restrained trade, that the words as used in the statute were designed to have, and did have, but a like significance. It was therefore pointed out that the statute did not forbid or restrain the power to make normal and usual contracts to further trade by resorting to all normal methods, whether by agreement or otherwise, to accomplish such purpose." It was pointed out that any attempt to construe the statute differently would compel a court to declare it unconstitutional as being unreasonable, destructive, and impossible of enforcement and that it must be presumed, in justice to the legislative branch of the government that the statute was written with a knowledge of existing conditions, and with a realization that it would be interpreted in the spirit of reason and with a view to the correction of the evils which it was designed to remedy, and not in an arbitrary and unreasonable spirit of wanton destruction. That is the present situation. The evil of this situation is that it delegates to the courts the whole power and necessity of discriminating between what is a reasonable and due restraint of trade and what is an unreasonable and undue restraint of trade. It is unfortunate that this responsibility should be thrown upon the courts without any definition or even expression of opinion from the legislative branch, and the serious question for the people of this country to determine is whether under our scheme of government that power and responsibility should be delegated wholly to the judiciary, or whether there should not be a clearer definition by Congress. It is inevitable that opinions should differ widely as to the meaning and effect of particular corporate acts. In the Standard Oil case, for example, the government contended that the existence of that company, with its vast accumulation of property, its infinite potency for harm, and the dangerous example which its continued existence afforded, was an open and enduring menace to all freedom of trade, and a byword and reproach to modern economic methods. On the other hand, the counsel of the company insisted that the origin and development of the vast business of the company was but the result of lawful competitive methods, guided by economic genius of the highest order, sustained by courage and by a keen insight into commercial situations, resulting in the acquisition of great wealth, but at the same time serving to stimulate and increase the production and to widely extend the distribution of petroleum at a cost far below that which would otherwise have prevailed, thus proving to be at one and the same time a benefaction to the general public as well as of enormous advantage to individuals. The decisions and the methods of disintegration which have been applied to these two cases settle some things, however. In the first place, it is positively determined that not every contract in partial restraint of trade is illegal, that contracts for the termination of ruinous trade wars, for example, are legal and proper. Secondly, that mere size or wealth is not necessarily proof of monopoly or restraint of trade, but that careful study must be made to determine whether such size or wealth has been attained by fair or unfair business methods and whether the resulting wealth and power does or does not give its possessor a monopoly or potential monopoly. I think one might hazard the

statement, although this is only an inference from the opinions, that to bring a corporation or combination within the provisions of this statute it must be shown that such corporation or combination either has been unfair to competitors or to the public or to both, or that it has reached such a position that such unfairness may be practiced. It must be frankly admitted that the present situation is far from satisfactory. In the absence of a more definite legislative definition, it will require numerous decisions of the courts before corporation managers can find their course well charted, and in the meantime they must feel their way much like a navigator in a fog. We have, however, gained two things. We have in the first place an affirmation of the constitutionality and vitality of a statute which is capable of giving full protection to competitors and consumers, and in the second place we have escaped the danger of having that statute construed in a way that would be destructive to present business and existing values, and that would frightfully retard the development of our unequalled natural resources, because it must be recognized and remembered that combination is the spirit of the day. It is a tendency which is manifest in every phase of human activity. We are combining our railroads and our mining operations; we are combining in banking; we are combining in the manufacture and distribution of all articles of commerce; we are combining even in literature, philanthropy, science and religion. To attempt to halt this spirit of combination would be to attempt to set back the wheels of time, and would be as hopeless as Mrs. Partington's efforts to sweep back the ocean.

It seems to me therefore the practical thing for thinking men to recognize this world-wide economic tendency, and instead of running counter to it, to so guide and direct it and to so regulate it that we may prevent its evils without depriving ourselves of its undeniable benefits. I think that a great majority of the men in control of great business enterprises take this view of the subject and are ready to co-operate. There has been a great change in corporation methods and a vast improvement in the morale of corporation management. This must be enforced and developed. There must be full publicity. There should be supervision of capitalization and a system of regulation by commissions or some other method which will insure a speedy hearing of complaints and a prompt and effective remedy of all just grievances, but let us cease vain and hurtful attempts to penalize success or to attack indiscriminately and unjustly. I have neither the time nor the ability, nor would you wish me to attempt to discuss details or ways and means, but what we want is a right and just spirit and an earnest determination to do whatever may lie in the power of each one of us to guide and mold that public opinion which under our form of government is supreme. It is to this task that I urge you to give your thought and attention. Business has outgrown its swaddling clothes and we are competitors in trade not only with each other but with the other great nations of the world, and we must not permit our natural and proper desire to protect ourselves to lead us into any measures which will either interfere with the development of our natural resources or hamper us in getting our fair share of the world's trade.





# INSTITUTE CHAPTERGRAMS

## INSTITUTE OUTLOOK.

By President Raymond B. Cox—Plans and Policies of the Administration—Education More and More Recognized as the Only Substantial Basis of Institute Activity—Co-operation of Clearing House Associations and Institute Chapters—Prospects of the Salt Lake Convention—Committees and Their Work—Extension of Correspondence Instruction—Plans for Post-Graduate Studies—Methods of Publicity—Advantages of Uniform Objects and Methods.

THE following outline of plans and policies is presented to give each individual member of the Institute an intimate knowledge of the manner in which the President is endeavoring to advance those interests which are entrusted to his direction. He is conscientiously mindful that his first and primary duty is to keep before the public, the chapters and the members the fact that the title of this organization the American Institute of Banking fully and completely declares its every function, and that its usefulness and progress depend upon the faithful adherence to its one purpose—that of educating its members to a higher degree of personal efficiency for the advancement of their own careers and accordingly for the betterment of their profession. In such a movement there is no middle ground. Each associate either constructs or destructs, either advances or retards. No effort which appeals to the higher ideals of a man can be effective if it is administered in a frivolous manner. It is a fact and not an opinion that in the history of the Institute only those chapters have been fully successful in accomplishing their purposes which have adhered strictly to that purpose and considered no others. Such is the conception upon which are based all of the activities of the President and to this end his best effort will be expended, with special attention to such general plans as will operate to further the interests of the Institute, its progress and its usefulness.

In the past few months six new chapters have been organized and before the end of this term there will be several more. In the organization of new chapters the policy has been adopted of first interesting the clearing house officers of that city where there is an apparent need for a chapter and then effecting its organization through their co-operation. This assures the new chapter of the support, the guidance and the dignity which is necessary for its maintenance.

To facilitate the various other duties and functions the following committees have been named and are here noted with general comments upon their

work, subject to such amendments and enlargements as they may adopt:

**COMMITTEE ON CONVENTION PROGRAM.**—H. J. Dreher of Milwaukee, Chairman; W. A. Day of San Francisco, W. O. Bird of Denver, Q. B. Kelly of Salt Lake City.

The importance of the annual convention cannot be emphasized too strongly. The progress of the Institute has been due more largely to it than to any one other influence and each succeeding year it has served its manifold purposes to a fuller degree. Without such an opportunity as the convention affords, the brains and untiring efforts of the builders of the Institute would have been of little avail. The Institute was properly designed as a national organization for uniformity of action, and results to this end could never have been accomplished through the operation of many sections working along different independent lines. It is through the convention that the solidity of the organization has been established and a perfect harmony in the plans and policies of each chapter maintained. The convention in its program and procedure should and always did exemplify the Institute as an educational association. While highly enjoyable the convention is not an occasion of frolicking. Here the national problems of finance and practical banking are earnestly but freely discussed by the brightest young bank men in the country and lectures on similar subjects are delivered by the most noted authorities. Here the representatives from the Atlantic to the Pacific coasts meet, compare methods and discuss practices, thus broadening their ideas and acquaintance, and acquiring a conception of banking as a national institution. Each chapter sends its ablest members and association with these is in itself an education and an inspiration.

The members of the above committee are all men who have served their own chapters and the Institute long and faithfully and through attendance and participation at previous conventions are well equipped to arrange an ideal Institute convention and make it more successful than any of the previous ones.

**COMMITTEE ON CONVENTION TRANSPORTATION.**—George A. Jackson of Chicago, Chairman; H. E. Hebrank of Pittsburgh; A. R. Stringer of Portland; D. C. Bordon of Knoxville; R. W. Lindeke of St. Paul; I. L. Bourgeois of New Orleans and Robert B. Hungerford of New York.

The approaches to the next convention lie through some of the most beautiful sections of the country. The Transportation Committee will arrange excursion trips with the various railroads for the delegates, which will enable them to thoroughly enjoy their journey to and from Salt Lake City so that the attractions of the trip will be an added inducement to bring members to the convention.

**COMMITTEE ON CORRESPONDENCE INSTRUCTION**—C. B. Hazlewood of Chicago, Chairman; Gray Warren of Minneapolis, Lawrence C. Humes of Memphis, H. V. Alward of Kalispell, Mont., and Charles H. Mueller of Baltimore.

For several years the Institute has been well established in the larger cities of the country and through these various chapters its principles have been operated for the benefit of banking and bank men in those centers. More recently this same system has been extended to include the smaller cities. But is this the end? Is this organization entitled to be called the American Institute of Banking when it serves only the bankers in the cities and larger towns. It must be remembered that the nation's real banker—he who finances the production of the nation's resources—does not sit in the shadow of a stock exchange. It must also be remembered that the proportion in numbers is probably one hundred to one in favor of the interior banker. It is evident that not until the Institute is actively engaged in the higher development of these that the organization is in the fullest sense the American Institute of Banking. This matter has been before the Educational Director for several years and as a result of his many efforts in this direction the Institute is at last prepared to extend its usefulness into all spheres of banking and it is now incumbent that this should be done. Manifestly this can only be accomplished by education through correspondence. On such a plan a highly developed system has been perfected which is proving most successful. There are already several hundred correspondence students, all of whom are studying except those few who have become graduates, and though active solicitation has not begun, new enrollments are being made every day. The matter is of such vital importance and has assumed such proportions that the above carefully chosen committee has been appointed to give it special consideration.

**COMMITTEE ON POST-GRADUATE EDUCATION**.—J. A. Broderick of New York, Chairman; J. E. Rovensky of Pittsburgh; Joshua Evans, Jr., of Washington, J. A. Neilson of New York, James D. Garrett of Baltimore, Freas Brown Snyder of Philadelphia and E. A. Havens of Providence.

In the acquisition of knowledge or in the development of personal efficiency there are no fixed limits in any profession or industry and certainly none in a profession with the breadth and depth of banking. Now that the prescribed courses of the Institute, which were prepared to provide elementary education for the majority rather than academic education for the few, are thoroughly established with the value of the Institute certificate extensively recognized it is time that an advanced course of study be provided for that rapidly increasing number of Institute graduates. It is not enough that the Institute should merely provide the bank men with the facilities for learning the fundamental principles and methods of his profession; it should be prepared to lead him into the most advanced thought and intricate problems. The day should not be far distant when the best bankers and highest financial authorities in the country will be products of the Institute. It has taken many years to prepare the course of study which is now prescribed as the foundation; it may take as many more years to

satisfactorily arrange this advanced course, but the initial effort will be made by the above committee of Institute graduates.

**PRESS AND PUBLICITY COMMITTEE**.—B. W. Moser of St. Louis, Chairman; John Benfield of Scranton, C. T. Conway of Boston, Clinton D. Davidson of Louisville, T. R. Durham of Chattanooga, F. W. Ellsworth of New York City, Stewart McGinty of Atlanta, W. R. Green of Cleveland, H. V. Haynes of Washington, John C. Knox of Philadelphia, W. H. Morales of Havana, Thomas J. Nugent of Chicago, W. H. Thompson of Los Angeles, J. Howard Arthur of Pittsburgh, E. G. Norris of Seattle, A. D. Oliver of San Francisco, John Maclean of Minneapolis, A. H. Cooley of Hartford, Frank S. Thomas of Rochester, H. P. May of Dallas, H. McClelland, Jr., of Detroit.

The plans of this committee contemplate much more than an endeavor to give publicity to the Institute and its various activities. While it is necessary to the progress and growth of the association that its value and its attractiveness be kept constantly before bankers and bank men yet in this effort another service may be performed. The financial thought of the country finds its expression and direction through the press. From whom should this thought and direction more properly emanate than from the students and graduates of the Institute who are trained for that purpose. This committee will therefore keep the financial and public press supplied with articles by Institute members, as such, thus taking part in the education of the public. The contributions to this effort will be another demonstration of the value of the Institute since they are the results of its training. The committee will welcome the co-operation of the membership at large, for, progressive and active as they may be, they cannot keep in touch with the activities of all of the chapters or learn of the various Institute writers unless they are so advised.

**COMMITTEE AT LARGE**.—Ralph H. MacMichael of Seattle, N. D. Alling of New York; F. L. Johnson of St. Louis, Brandt C. Downey of Indianapolis, Ralph C. Wilson of Chicago and J. H. Puelicher of Milwaukee.

It will be noted that this committee is composed of the three past presidents of the Institute together with the three past chairmen of the Executive Council. The present incumbent feels very fortunate that he is assured of the continued co-operation and advice of these gentlemen who have taken such an active part in the growth of the organization. As a committee they will keep in touch with the affairs of the Institute and feel duly authorized to advance its interests whenever and wherever they can through their extensive influence.

It is hoped that closer familiarity with these details will impress the members with the fact that their organization is one of national scope and influence and that they will accordingly extend their interest beyond the activities of their local chapters. Unless a member has attended one of the annual conventions or otherwise considered the Institute as a composition of many divisions each working in the same manner to the same end, he is not impressed with either its importance or with the necessity for

uniformity in the general plans of each division. The individual chapter member is apt to judge the Institute simply from his local viewpoint and to consider its usefulness only to himself, his immediate associates or his community. Inspiring as this may be yet Institute work only assumes its real significance when the operations of the whole organization are considered. There can be no doubt of the effect of 12,000 men, the total membership of the Institute, scattered over this country thinking or studying the financial problems and methods along similar carefully conceived lines. The value of this effort evidently increases as more of the chapters adhere to the prescribed methods. Thus there are hundreds of individual bankers in remote places studying. Thus each week in the various chapters the young men are meeting to study the prescribed courses or to attend lectures on kindred subjects. For ten years this has been going on. In that time many students have acquired a higher degree of technical knowledge, hundreds have become better informed and thousands have been inspired to a greater individual effort. The influence of such a large and distributed army of financial students trained to a similar understanding of their profession is invaluable. Banking is not a local problem but a national one, and the progress of the commerce and industry of the country demand that uniform policies and practices be maintained, so that the Institute in developing better bankers also performs this service for the nation.

#### INSTITUTE EXECUTIVE COUNCIL.

##### Important Constitutional Change.

**A**T the recent convention in New Orleans Section 2 of Article III of the Constitution of the American Bankers Association was amended so as to read as follows: "To be eligible, a member of the Executive Council must be a delegate, as defined in Section 2 of Article III," and further, "but the conditions of ineligibility herein provided shall not apply to the Chairman of the Executive Council of the American Institute of Banking." The affect of the foregoing amendment is to make others than bank officers eligible to election as Chairman of the Institute Executive Council.

#### BALTIMORE.

By J. L. Hoffman, Jr.

**D**URING the past month, owing to the holiday season, the local chapter has experienced a condition bordering upon the comatose. The only meetings held were those of the law class and the attendance indicated a marked decline in interest. The last meeting of the class, that of January 18, proved conclusively to the Committee on Education that our exceptional lectures are appreciated. The class has an enrollment of about eighty-five and a large percentage of the membership attends regularly and evinces closest attention to the work.

Clifton K. Wells, of the First National Bank, who

was unanimously elected president, at our Spring election, tendered his resignation at the last board meeting. Mr. Wells expressed deepest regret at being obliged to take this step but promotion to a higher position with his bank and the press of his new duties made the action necessary. In losing Mr. Wells we are deprived of a fine executive. His administration reflects great credit to him and while we are congratulating him upon his advancement we must nevertheless deplore the retirement of so capable a leader in the very middle of such a promising year. Robert S. Mooney, of the Citizens National Bank, who served us so efficiently as President for the year 1910-1911, was chosen to fill out Mr. Wells' unexpired term. His vigorous methods are already in evidence and a successful year seems assured.

A banquet committee is now planning to hold the annual dinner the latter part of February or early in March and will spare no efforts to make it equal to the notable banquets we have given in the past.

We are considering a second theater party before the season closes.

#### BOSTON.

By Geo. B. Fox.

**I**N pursuance with a suggestion offered by a Massachusetts Congressman at a recent meeting of Boston Chapter, it is proposed to create a Legislative Committee. While it would be unwise for an organization of junior banking men to actively engage in the advancement of financial legislation, in the general court or National Congress, it should prove to be of great educational value for Institute members to study proposed bills, arriving at definite conclusions as to their purpose and merits, and in so doing, in the course of time, acquiring an intimate knowledge of state and national banking laws.

It will be the function of our Legislative Committee to follow our State Legislature, reporting from time to time to chapter members bills reported to the Committee on Banks and Banking, the date of their hearings and their final disposition. Similar though less complete reports will be made concerning national legislation.

Besides the many obvious benefits of this committee, it will be able to supply our debating section with live, timely and vital subjects for discussion.

We urge the value of a Legislative Committee in every chapter of the Institute regardless of its locality or size.

#### BUFFALO.

By James Ratray.

**I**T is interesting to note from a perusal of the monthly chaptergrams that a majority of the chapters of the American Institute of Banking have awakened to a realization of the value of organized education, as outlined in the objects and methods of the Institute appearing at the end of the Bulletin each month.

A year ago we remodeled our articles of association, bringing them into strict conformity with these

principles, and since then the only inducements that we have had to offer prospective members have been the official publication every month, and educational classes in "Banking and Finance" and "Commercial and Banking Law."

Under the new regime there has been no phenomenal growth, but the increase in membership has been steady, and the men who have been attracted to the chapter are those who realize the possibilities that be in the future for the educated banker, and in consequence are those who, in eventually benefiting themselves, will elevate their chapter to an honorable position in the Institute.

"Multum in parvo" appears to have been the motto of the author of the Institute Study Course in Commercial and Banking Law, for in every line one finds food for thought, and material for prolonged study, for without careful reading, and explanation by a trained instructor, much that is essential would probably be missed.

The amount of application necessary to acquiring a thorough knowledge of financial subjects was evidently appreciated by the founders of the Institute, for nothing is mentioned in the "objects and methods" about the social side of Institute life, although in some cities it appears to occupy quite a prominent position, and when we receive information about the various vaudeville and minstrel entertainments being held under chapter auspices, one is inclined to conjecture, as to how far they are really beneficial to chapter life, and whether such departures are really in keeping with the Institute idea.

Our experience has been that social features will temporarily swell the membership with those who are not interested in the more serious side of chapter activity, but a preponderance of such events will gradually lead to the elimination of the studious element, and the chapter will eventually develop into a mere social club or become totally extinct.

In point of numbers we can not compare with chapters in cities of the same size, and every time literature is received showing how easy it is to organize a minstrel show, and emphasizing the benefits that have accrued to the membership and finances of chapters that have gone into that field, the question arises as to whether the end justifies the means, and although the majority of us feel that we have not the time for such an effort, those favoring the idea will remind us of the old adage that "All work and no play makes Jack a dull boy."

In that connection it would be interesting to have a discussion in these columns as to what proportion work should have to play, and to have expressions of opinion regarding the possibilities of producing a vaudeville show, and at the same time giving the necessary attention to educational affairs.

The new year usually brings with it quite a list of honors in the way of promotions, and we were glad to learn that another of our members has been promoted to an official position in the bank where he is employed, and it is with much pleasure that we felicitate George J. Kloepfer on his appointment as Assistant Cashier at the Union Stock Yards Bank.

## CHATTANOOGA.

By T. R. Durham.

IT is with much pleasure that we report the enlargement of our Honor Roll. D. H. Griswold has been made Cashier of the American Trust & Banking Company, a new institution which opened for business January 15 with an authorized capital of \$500,000. Mr. Griswold is an ex-president and now the Chairman of the Educational Committee of our chapter and has always been a zealous willing worker. He is a constant advocate of systematic education and the fact that he practices what he preaches is demonstrated by the fact that he is an Institute graduate.

E. B. Shadden and C. E. Kirkpatrick have been elected Assistant Cashiers of the Citizens National Bank. Mr. Kirkpatrick is ex-vice-president and Mr. Shadden is the present vice-president of the chapter. These promotions bear out the arguments that the active and ambitious men in the banks are usually the ones that take an interest in chapter work. We believe that officers in making their selections to fill official positions are beginning to consider work done in the chapter as well as ability in the bank.

An informal debate was held at our last regular meeting considering whether or not national banks should be permitted to loan money on real estate. It was decided that they should not. Here's a secret—the reason the decision was that way was because there were more state bank men present than national bank men and it was left to a vote of the house. This is true despite the fact that there are considerably more national bank men in town, but they lost the opportunity to loan money in a very profitable manner because of their absence from a very important meeting.

Our chapter has offered a prize for the best paper on the subject, "Benefits to Be Derived from a Membership in the A. I. B." A good number of papers are expected to be presented in this contest. The decision will be rendered on the occasion of our debate with Nashville, which will occur February 22. This being a holiday several of the Nashville boys are coming over to be our guests for the day and "root for the home team" at night. The debate will be on the new currency legislation and will be championed by Messrs. A. M. Dickerson and T. R. Durham of the Chattanooga Savings Bank.

## CINCINNATI.

By A. DeWitt Shockley.

CINCINNATI Chapter held a large and enthusiastic meeting in the Union Trust Company parlors on Tuesday evening, January 23, 1912, with John E. Bleekman of Cincinnati and New York as the speaker of the evening. Mr. Bleekman, who is a widely traveled man and an expert engineer, is in Cincinnati at the present time in connection with the new Queen City Union Station project and as Vice-President of the Union Depot Company has done much toward bringing this erstwhile dream of Cincinnati to a realization. President Brewster of the chapter introduced Mr. Bleekman to his audience in a neat little address, making much of the fact that Mr. Bleekman was to "talk" to the listeners about our new Union depot. Mr. Bleekman said in part:

"While assuring you that it is a pleasure for me to be here tonight, it occurs to me that one who talks too much never accomplishes anything—therefore I will endeavor to leave you in as pleasant mood as I find you by explaining in a few words the most essential points of the new Union depot project. Since attracted to your city some years ago by its great possibilities on account of central location, I find that the hills surrounding Cincinnati are probably the greatest drawback to a Union depot scheme. To get around them cheaply and sanely is a proposition worth the time and study of any engineer. Our present plan I think is about the most feasible yet presented. We bring the depot proper on Third street with arcade entrance through from Fourth near Main and have arranged for a series of immense warehouses, an interurban station, a large office building with about 440,000 square feet of space over the depot proper, plenty of track room for the various railroads, express companies, etc., and a sufficient number of tracks in and out of the depot to not only take care of present business but business to come—for it is that upon which such propositions as this are satisfactorily arranged and completed. Will all the railroads entering Cincinnati care to take advantage of this new arrangement, you will probably ask? Will any enterprising concern nowadays refuse to join in a plan that saves them money? I think not. We show these railroads a saving which will bring their expenses in this particular connection down to less than one-half of what they now pay. I say this—show the railroads and there will be no doubt as to their stand in the matter. Cincinnati is admirably located in a rich section of the country—coal lands South, East and West. Ours is the legitimate channel for this wealth of nature to travel through—but with our present poor facilities, how about it? No, gentlemen, to give Cincinnati her rightful place among our cities we must have the Union depot and have it as soon as possible. We are located well for manufacturing—in fact, we now lead all cities in some lines—but commercially, Cincinnati has not held her own. Let us get together and boost—boost first this new Union depot which will do a whole lot toward bringing business legitimately Cincinnati's to its rightful market—Cincinnati. Our plan is to finance the deal in different sections with issues of four per cent. bonds floated by our New York bankers in various portions of the country, disposing of as many as possible in Cincinnati itself. The plans and specifications are now up to the railroad's experts. We have the franchise, everything seems favorable and unless unseen and unsurmountable obstacles arise I can see no reason why Cincinnati should not have her new Union depot."

A general discussion followed Mr. Bleekman's address after which special attention was called to the chapter's educational classes under Mr. Southworth and Mr. Dupuis. Our lectures in negotiable instruments are being held regularly each week on Thursday night as open chapter meetings and are drawing good attendance. Pittsburgh Chapter has extended us an invitation to debate with them at an early date in Pittsburgh and present indications point to that event as one of great importance and interest to both Pittsburgh and Cincinnati.

## CUBA.

By W. H. Morales.

IN order to vary the weekly program of lectures, Cuba Chapter is having a series of monthly talks this winter by Dr. Leopoldo Cancio, of the Universidad Nacional, on the subject of Political Economy.

Learning that snow and ice are finally free gifts of nature in the States this winter, our bankers are interested in extending the cold wave to Cuba. The big sugar crop needs a cold snap of, say, 60 degrees Fahrenheit, and we have petitioned old Mercury accordingly.

A lecture is to be given us on the Bank of France by Dr. Orestes Ferrara, also of the National University and President of the Cuban House of Representatives, next week. The wide use of French money here, coupled with the Central Reserve Association topic in the United States, makes this a specially interesting subject for the Cuban bankers.

The English classes are progressing satisfactorily. We are mixing up-to-date subjects with things ancient and literary to some extent, and while not wishing to talk self-praise, we can at least say that the chapter is very much enthused with the work.

Our membership is now 111, and the size of the chapter room has been increased by the consolidation of two handsome offices, presented as a Christmas gift by the National Bank of Cuba, for chapter use.

Dr. Leopoldo Cancio recently delivered his second lecture of the season on Political Economy to a large class of the American Institute of Banking in this city.

The theme of the lecture was "Production," and the complexities of the social science were made clear and entertaining under the doctor's masterly treatment in Spanish.

The factors of production, said Dr. Cancio, have been variously classified. The general order, namely, that of land, labor and capital, I consider as most convenient.

Land means in economics, the entire resources of nature, that is, the earth in its astronomic, as distinguished from its geographical sense. Labor signifies the mental and physical activities of man in the field of nature; while capital is that part of a country's wealth which is engaged in the production of new wealth.

The progress of a country is measured by the ability and enterprise of its inhabitants, and these are in turn affected by climatic and other conditions.

The reason for the advance of Europe over Asia and Africa in the arts of civilization is found by ethnologists in the physical geography of Europe. With its long and diversified coast lines, numerous inland seas, navigable rivers, various land elevations, classes of soil, differences of climate, adjacent islands and accessibility to other countries, it is singularly favored by nature, as compared with the immense land masses of the other two continents, whose arid wastes are often-times unbroken, save by impassable mountains, or rivers whose long course is often obstructed by falls or other natural impediments.

In North America we find the same natural advantages over the South American continent, and hence the progress of the North American inhabitants

may be attributed in a great measure to the same cause, namely, the bountifulness of nature. The rivers of South America, for example, run generally East and West, through tracts of country lying in the same latitude, and yielding practically the same products, while those of North America flow mostly North and South, like the Mississippi, which, rising in Lake Itaska in the North, flows thousands of miles southward, draining a fertile country characterized by different climates, commodities and industries of the people.

These differences of environment have been offset to a great extent by scientific inventions applied to everyday life, and the future of steam, electricity and even the radium is no doubt destined to show the most wonderful achievements, accordingly as the field of human knowledge becomes wider and new wants are felt.

In considering the history of Economics, Dr. Cancio said that the second or money epoch came as a revolution from the first or natural period, and that money is to economics what the alphabet is to the world of literature. The present or credit period is simply an evolution from the money era.

Despite the fact that the quarters of Cuba Chapter of the American Institute of Banking have been doubled in size, by the Christmas donation of a large hall by the National Bank of Cuba, standing room was at a premium, and Sr. Cancio was much applauded at the close of his talk.

#### DENVER.

By William O. Bird.

**T**HE January meeting of Denver Chapter was exceptionally well attended and the prospects for an active and progressive year are extremely bright.

Frank N. Briggs, President of the Interstate Savings Bank and also President of the Colorado Bankers Association, addressed us on the topic "Getting There." His talk was very interesting and practical and the examples and illustrations given from his own experience should be of great encouragement to the struggling bank clerk. Mr. Briggs has been a good friend of Denver Chapter since its inception and we are all glad whenever he can be with us.

The first of the new year has brought its share of rewards to the members of Denver Chapter. J. C. McElleheren, our Treasurer, has been made Assistant Cashier of the Denver Stockyards Bank; C. A. Land has been appointed Assistant Cashier of the Interstate Savings Bank, and A. B. Olson, of the Colorado National Bank, has been made Credit Man of the Mine & Smelter Supply Company of this city. The good wishes of all the boys go with them in their new positions.

The Educational Committee announces that the Study Class will resume its meetings next Tuesday and the course just completed under the tuition of Professor Duncan will be supplemented by a series of addresses on the strictly banking topics of the course. As soon as these lectures are completed an examination will be held and we feel assured that it will

result in our having many graduates in the "Banking & Finance" course.

The annual adding machine contest has been set over to the evening of the 24th, at which time we expect to see some records broken.

Invitations are out for the annual dance, which will be held at El Jebel Temple, February 4. Our annual dance is always an occasion of great social pleasure and affords an opportunity for us to become acquainted with the wives and sweethearts of our friends in the chapter.

#### DETROIT.

By Hugh McClelland.

**O**UR Study Class which is our first aim has been going better than ever before. It is under the tutelage of Professor Friday of the University of Michigan and has an average attendance of forty members. We hope to see this membership doubled next year, for the Michigan Bankers Association passed a resolution recently that a letter be written to every bank man in Michigan recommending the Institute Study Course. This will do much to arouse those who do not now realize its importance and its merit.

The new year has brought official promotion to seven members of our chapter: I. H. Baker, our president, has been made Auditor of the First National Bank; C. J. Higgins, an ex-president and an Institute graduate, was made Vice-President and Cashier of the Metropolitan State Bank; Walter Toepel, Cashier of the Peninsular State Bank; John N. Stalker, Assistant Secretary of the Union Trust Company; John Hart, Manager of Credits of the First National Bank; N. Nicholson, Assistant Cashier of the First National Bank; Geo. J. Kirschner, Cashier of the German-American Bank.

We have engaged to put on a minstrel show in the Spring. We expect to eclipse all former efforts here, which will be some accomplishment for Detroit Chapter has given four shows and all of them have been successes spelled with a big S.

#### DULUTH.

By John L. Evans.

**D**ULUTH Chapter takes pleasure in reporting the promotion of another chapter member. H. C. Matzke becomes Assistant Cashier of the City National Bank of Duluth. Mr. Matzke is a past President of our chapter, and a graduate of the Institute. He has all the preparation afforded by the Institute for banking work. He has always been active in chapter work and we will miss him, but we know that he deserves the promotion and we wish him the greatest success.

The educational work of the chapter is satisfactory. The work is very interesting and the attendance good.

The social part of chapter activities is being emphasized. We are planning a sleigh ride and cabin party for the near future and a dancing party for February.

**FT. SMITH.**

By C. B. Herbert.

SO far this year the Ft. Smith Chapter has been a success, indeed. Of course, we could not expect all of the boys who started in to take the course in Commercial and Banking Law to stick to the end; however, quite a number are in earnest concerning the educational work. Our program, as outlined by the Program Committee, has been carried out in full.

W. J. Murphy, President of the Ft. Smith Credit Men's Association, delivered a lecture on "Credit" in which he gave us some sound advice. He emphasized the fact that the granting of credit should be based first on the man; his character, reliability and capacity as the moral risk; secondly, the business risk; his capital and resources; lastly, the property risk.

Judge Joseph M. Hill gave us a lecture on "Needed State Legislation, Banking and Otherwise" in which he recommended strict supervision by the state over banks and other corporations doing business under a charter issued by the state. He does not believe in the guaranteeing of deposits, as practiced by our neighbor, Oklahoma.

T. W. M. Boone, President of the American National Bank, delivered the chapter a lecture on "Negotiable Instruments" which was very interesting as well as instructive. He also emphasized the fact that every successful banker must have a thorough knowledge of the subject. Some more good things are in store for the chapter along this line.

**LITTLE ROCK.**

By P. D. Scott, Jr.

THE Little Rock Chapter of the American Institute of Banking takes pleasure in announcing to all bank men, both officers and clerks, that the following series of talks and lectures have been arranged for, as the feature of our regular business meetings: R. D. Duncan, "Stocks and Bonds"; Asa C. Gracie, "Land Titles"; J. H. Carmichael, "Contracts"; Ashley Cockrill, "Partnership and Corporations"; T. N. Robertson, "Negotiable Instruments"; J. W. House, Jr., "Sales and Mortgages." J. S. Pollock, whose assistance has given the Study Class much of its present success, has kindly consented to be with the class at all its meetings, to impart his knowledge and experience where necessary, although most of the lessons will be in charge of others. The remaining program is as follows: "Bank Accounting," R. H. Thompson; "Cash and Reserves," J. S. Pollock; "Bank Examinations," Z. B. Curtis; "Collections and Transits," R. H. Thompson; "Clearing Houses," J. S. Pollock; "Savings Banks," W. L. Hemingway; "Loans and Discounts," Z. B. Curtis; "Stocks and Bonds," R. D. Duncan; "Public Finance," J. S. Pollock. Date of examination to be announced later.

**MILWAUKEE.**

By Edward Schranz, Jr.

WITH the exception of three lectures by Prof. W. A. Scott on "The Banking Systems of England, France and Germany" the first half of the chapter year was devoted entirely to classes, two

being conducted weekly. The Accounting Class is still in session and the men are deriving much benefit therefrom.

The conclusion of the class in Economics under Prof. R. H. Hess, University of Wisconsin, was a source of regret to all. For the convenience of Prof. Hess it was necessary to call the class every Thursday from 5.30 until 7 p. m., but in spite of the unusual hour its successful continuance was assured from the start. The members of the first class to meet found Professor Hess such an able and interesting speaker upon a subject that had generally been considered "dry" that they induced their fellow-bankmen to attend, and after the first meeting the attendance approximated fifty or sixty at every lecture.

For open meetings we have arranged with Prof. J. Paul Goode, University of Chicago, to deliver his illustrated lectures on "A Journey in the Philippines" and "Industrial Japan." Having had Professor Goode with us before, we anticipate an entertaining and instructive series.

The crowning event of the year will be the 10th Anniversary Banquet given February 22, 1912. While the program of speakers is not complete at this writing, we are assured of the presence of President Raymond B. Cox, and expect to have other men who have been prominent in the Institute.

**MINNEAPOLIS.**

By John J. Cameron.

THE grooming, sorting and training of our members with the aim in view of good team work for the task of presenting our play, soon to be produced, has now begun in earnest. The energy and aggressiveness with which all are taking hold of the project bespeak an assured success, and a goodly sum for the extension of our educational work is anticipated. As is usual the case in most instances the busiest men are the busiest on the job and seem to be accomplishing the best results.

Our plan of educational endeavor this year has been to conduct a class in Banking Practice outside and away from our regular chapter meetings. It has so far been successful in every way and a second class in "Economics," under an instructor from the University of Minnesota, is now being enrolled.

On January 25 we gave our annual dancing party which was an event of keen enjoyment to those fortunate enough to be present. Some of our bankmen, though they appear hump-backed over their ledgers and bow-legged before their adding machines, are real cute on a ballroom floor and even out-Mike, Mike Mordkin, when a woozy waltz is spread around the room by the musicians.

Howell Plummer, always an enthusiastic and active supporter of the A. I. B., has been advanced to the position of Chief Clerk at the Northwestern National Bank and from now on will have to keep oiled and in good condition the machinery which handles about thirty millions of deposits. Harry Libby, a former Secretary of our chapter, succeeds Mr. Plummer as auditor at the same bank.

**NASHVILLE.**

By J. W. Miller.

**I**T is a real pleasure to be able to make such an encouraging report of what our chapter is doing this year and we hope to wind up the season with several "Institute Certificate" men on our roll, together with lots of other good work laid by and to our credit.

Our law class has a membership of thirty with an average attendance of about twenty and is led by an energetic young attorney who possesses the faculty of getting all there is in a fellow to the surface and who believes in the course mapped out by the Institute.

Prof. G. W. Dyer of Vanderbilt University has charge of the class in Banking and Finance which is attended by about ten regular members. Professor Dyer is also very pleased with the course put out by the Institute and we feel with this work well under way, that we have a right to consider ourselves one of the real live chapters of the A. I. B.

Our regular monthly meetings are well attended with programs of variously interesting natures, which entertain and instruct displaying great development in the members who have taken interest and made the initial efforts.

On February 22, in Chattanooga, Tenn., we have our annual debate with the Chattanooga Chapter on the question, "Resolved, That Bank Issues Secured by Commercial Paper are Preferable to Those Secured by Bonds," and will defend the negative, represented by H. Stone Reynolds of the Fourth National Bank and J. W. Miller of the First National Bank.

**NEW ORLEANS.**

By John Dane.

**I**T took George Caster of the Teutonia Bank & Trust Co. 1 minute 28 and one-fifth seconds to add up one hundred checks on a Burroughs Adding Machine in the Annual Adding Machine Contest of the New Orleans Chapter, American Institute of Banking, held on Thursday, January 25, and Mr. Caster's remarkable speed and precision won for him a handsome gold watch fob and a crisp ten-dollar bill. The gold certificate was an extra prize offered by one of the boys present to the contestant making the correct total in the fastest time. Mr. Caster when he went into the contest held the state championship, having won it at the contest last year, but his time of 1:28 1-5 exceeded the best he had ever made by quite a margin. It was an evening full of fun and excitement, and the members thoroughly interested in the outcome turned out in force and crowded the big assembly room of the chapter's headquarters, Union and Carondelet streets. There were seventeen entries in the race, drawn from the different banks of the city. The presiding officials were Wyman Hoey, of the Commercial-Germania Trust & Savings Bank, Judge; J. J. Delery, Morgan State Bank, Timer; H. J. Schneider, Commercial-Germania Trust & Savings Bank, Timer, and John Dane, Hibernia Bank & Trust Co., Timer. For a time the click of the swift tabulators was heard above every sound in the room, and the contestants worked with a will, with the young ones nervous and excited,

and the old heads cool and collected. When it was all over, the Judge and the Timers retired into the library to return a few minutes later with the announcement of the winners of the five prizes. Mr. Hoey complimented the boys upon their skill and accuracy, and announced that ten of the seventeen contestants had turned in absolutely correct lists. Mr. Caster was announced as the first prize winner amidst applause, and the other winners with their time were as follows: Second, Maurice Rivet, Commercial-Germania Trust & Savings Bank, time 1:38 4-5; prize, a beautiful scarf pin set with a ruby. Third, Paul Blum, Teutonia Bank & Trust Co., time 1:42; prize, a pair of gold cuff buttons. Fourth, W. W. Sutcliffe, German-American National Bank, time 1:47 1-5; prize, a silver pocket knife. Fifth, W. F. Solis, City Bank & Trust Co., time 1:48; prize, a fountain pen. The longest time consumed in the operation was 2:38 4-5, and the correct total of the one hundred checks was \$24,297.60. Mr. Caster's record of 1:28 1-5 is close to the best national record for adding one hundred checks, and was made on a brand new machine never used before. Preceding the contest, the regular monthly meeting of the chapter was held, but the only business transacted was the admission of five new members. Our Commercial Law Class is progressing nicely under the able supervision of Prof. Monte M. Lemann of Tulane University, and the boys are all studying hard.

**NEW YORK.**

By W. H. Kniffin, Jr.

**B**ELIEVING that a pound of taffy is worth a ton of epitaphy, fifty members of New York Chapter, made up from the Board of Governors and the members of the various committees, tendered to James Graham Cannon, the good fairy of New York Chapter, a recognition dinner on the evening of January 10. The dinner itself was served under difficulties, owing to the fact that while New York Chapter has plenty of gas of certain kinds, there was a lack of the sort to cook with, and the caterer of the evening had to fall back upon "unnatural" alcohol and hot bricks to do the warming act, but nevertheless put up a dinner in every way befitting the occasion. The spirit of the evening was most delightful. The "P. P's" (past presidents) took upon themselves the pleasant task of making a few remarks, as Simeon Ford would say, appertainin' to and touchin' on as big Chief Devery would say, the helpfulness of Mr. Cannon in the ten years' work of New York Chapter. There was no intention of "laying it on" so heavily that Mr. Cannon would feel embarrassed, but current reports are that he is blushing yet, in spite of the fact that the Fourth National has looked like a cross section of Doctor Cook's North Pole ever since the famous Equitable fire. The occasion will long be remembered for its spirit of good will and thoughtfulness; and as a social function, delicate in its setting, will go down into New York Chapter's history as one of the occasions where good will ran riot.

The administration of New York Chapter from this time forth will take on a different aspect, and indications are that we have at last come to where we were going at, as the little boy put it, with a Secretary located at the chapter rooms, where he



should be. The Board of Governors feel that in the selection of E. G. McWilliam, as successor to Secretary Kniffin, they have a man of brains, ideas and personality, and have given him an assistant who fortunately has many of the qualifications which New York Chapter demands of its active scribe, among which are: First, he must be unmarried and unmarriedable, thereby making him free to give his evenings without thought of the sobbing wife and quarreling children at home; second, he must be good looking, so that his lady friends will all want to marry him, but in the mix-up of femininity he will escape the ensnarements of all; third, he must wear a smile that can't come off; fourth, he must have a few brains; fifth, he must have won prizes, by fair means or foul, and sixth, he must be able to talk foolishness on any occasion. All these essential qualities Mr. Schultz is said to possess and it is now up to him to demonstrate that he has not been sailing under false colors and deceived a body of unsophisticated gentlemen.

The chapter office will be in the rooms and will be open dally from three until midnight or after. A telephone has been installed (at five cents per) and a full office equipmet with the exception of a good-looking blond at the typewriter. Nothing now remains but to finish up the season as we began it, in a full blaze of glory; hold the yearly examinations that try men's souls; plan the work for the coming season, a proposition large in its demands upon the time and ingenuity of the powers that be, and find a captain to steer the ship during the season of 1912-13, which will, in many respects, be the critical time in New York Chapter's history. Just who has the time for this big job, and the ability as well, is uncertain; those who have the time have not the ability, and those who have the ability have not the time, and a happy combination of Lersner who had the time and developed the ability, and Minor who had the ability and found the time, is not easy to find; but in the great rank and file of our men there ought to be several who can arise to such an opportunity and make good. Aspirants for fame take notice!

With a prophetic vision, which was remarkable in one so young, the writer at this time last year painted in glowing colors the coming banquet. He pictured Minor making frantic gestures as he held his audience spellbound by his boy oratory; the bird-like tones of the boy soprano; the hearty singing of the congregation; the glad hands; the hungry mouths, and the delicacy of the vlands of indescribable name and queerer taste, for which we paid three-fifty.

Our prophetic vision is working again and we can see Lersner, pale and haggard, struggling with alacrity to find a word in the dictionary that he never used before, to hand out as a glad surprise to the many admirers of his large and varied vocabulary, to show that "English as she is spoke" has nothing on him.

With a tone that rings throughout the galleries like a silvery bell in a country church steeple on a zero morning, we can hear him tell of the glories of New York Chapter; its struggle to find quarters; the joy of buying the furniture and installing the cook; the sense of satisfaction when it was all over and we could sit down and enjoy our home like newlyweds in a Harlem flat; the times and occasions when as toast-

master he ate 'em alive with alacrity; the awful nightmare that haunted him when he realized he must face the occasion of occasions and speak his piece as if he had no preparation at all, when in truth he had practiced on it for six nights and two days. In far-away-Syracuse we can almost hear the applause as the jokes are handed out and witticisms passed to and fro; the peals of the great organ; the clatter of the dishes, and the hurrahs of the ladies inspired by the fifty-cent box of ice cream and the sample of Huylers; and unless our prophesy fails it is to be the biggest event the Astor has ever known, and this is going some.



NEWTON D. ALLING.

Newton D. Alling, Institute graduate, has been elected Vice-President of the National Nassau Bank of New York. Mr. Alling was born in Dutchess County forty-two years ago and represents the sterling up-state element who have impressed their character upon the metropolis. Mr. Alling has put in 24 years of work at the Nassau Bank and has long been recognized as a part of its progressive machinery. From an Institute point of view the success of Mr. Alling is another demonstration of the fact that the men who win in the banking business are those who possess the proper combination of education and personality. Mr. Alling is one of the veterans of New

York Chapter in which he made good both as President and private in the ranks. In the National Organization Mr. Alling rendered valuable service as a member of the Board of Trustees during the transitory period between paternal government and self-government and subsequently served with marked ability as President of the Institute.

### OAKLAND.

By George W. Ludlow.

THE following lectures have been held by Oakland Chapter since last report: W. W. Cooley, of the Burroughs Adding Machine Co., on the "Universal Numerical Transit System"; Tong King Chong, editor of the Chinese Free Press of San Francisco, and an accredited leader of the rebellion, on "The Present Unrest in the Flowery Kingdom"; Hon. W. R. Williams, California State Superintendent of Banks, on the "Relation of the Banker to the Public." He also told what his department has to do. At 6.30 on the night of this lecture a dinner was given in his honor, at a local cafe, at which there were, twenty guests, all of whom were members of the chapter.

On January 18 the Rev. William Day Simonds gave a very interesting and instructive lecture on the "Mystery of Money," touching on its history, its functions, the evils of our present financial system and a suggested reform.

Beginning with February 1 the Secretary will issue a monthly bulletin, announcing the events for the month, instead of a notice for each event as is now used.

The class in "Banking and Commercial Law" is being well attended.

### PHILADELPHIA.

By Arthur R. Elmer.

INTEREST in the affairs of our chapter continues to increase steadily. This is evidenced by the gain in membership, which is now about 650, by the uniformly good attendance at the meetings, due in large degree to the excellent programs provided. This we have been able to obtain through the increased attention our Institute has received from the bank directors and officers of our city.

The educational classes have progressed favorably, the law class consisting of over fifty men under the direction of Franklin Spencer Edmonds. More interest has been shown in the Debating Section, and new material is being developed in that field. For Friday evening, January 26, a debate was arranged with a team representing the Lyceum League of Camden, N. J., the following being chosen from our chapter, Thomas Smith, First National Bank; Carl Fenninger, of the Provident Life and Trust Co., and N. W. Allen, Jr., of the Philadelphia National Bank. The subject was "The Commission Form of Government."

Steps are also being taken to hold an intercity debate in the near future with some of our neighboring chapters.

The regular meeting of the month was held in the Roger Williams Building, on Friday evening, January

5, and President John C. Frankland, who presided, spoke with much feeling of the death of Wilson T. Berger who died recently at Artesia, N. M. Mr. Berger had been prominent in our chapter life until forced by illness to settle in the West; having been President from October, 1902, until June, 1903, and was well known throughout the Institute. He had always been earnest and energetic, and his loss is much felt. It was a strange coincidence that of our two speakers, one should have been born in the same city, Muncey, in which Mr. Berger was raised, while the other should have been his superior officer in the Merchants National Bank.

William A. Law, Vice-President of the First National Bank of this city, spoke upon "Cotton Production and Distribution." Mr. Law has devoted much time to the study of cotton, and has had long experience in the commercial handling of cotton bills. He told of the many and varied uses of this staple and noted as one of the leading events of 1911 the size of the cotton crop. R. G. Dun & Co. report that 35,000,000 acres are utilized in its cultivation, and the figures for the yield exceed that of any of our other commodities except steel. The exportation of cotton in its bearing upon international finance was mentioned, the speaker stating that no other crop paid so many debts. The effect of machinery in increasing the production as well as the growth of cotton in new territory as in California, which is well adapted in climate, were related. It was a very thorough and instructive address.

Judge Dunner Becker, President of the Commonwealth Title Insurance and Trust Company, had for his subject "Trust Estates." He told of the ways in which these were created, the laws governing them, and cited many of the intricate problems which arose and required to be settled, especially those between life tenant and remainder man.

Our chapter is assured of another meeting of interest in February, having been able to secure as speakers Sereno S. Pratt, Secretary of the Chamber of Commerce, New York, who will address the chapter upon "The Stock Company," and Fred. W. Ellsworth, Publicity Manager of the Guaranty Trust Company, New York, subject being "Bank Publicity."

### PITTSBURGH.

By Albert T. Eyer.

TUESDAY evening, January 9, was a very interesting and instructive one for Pittsburgh Chapter.

Hon. William H. Wilder, Congressman from the Fourth District of Massachusetts, delivered for the first time his objections to the Aldrich plan. Congressman Wilder spent several months in Europe last year studying their monetary systems and has also made an exhaustive study of conditions in the United States and their remedies. He agreed with the plan on the fundamental principles of rediscount and asset currency, but claimed that the bank should be called the Bank of the United States; that the non-stock-holding depositors of banks should have a voice in the election of directors and that the governor of each state should appoint one member of the central board

of directors. The President should appoint the deputy governors, not from a list submitted by the central board, but entirely at his own discretion. In support of his contention for the representation of the non-stockholding depositor, Mr. Wilder cited an instance where a bank had \$300,000 capital and \$33,000,000 deposits. He claimed that, as depositors must first be satisfied, they should have representation in governing the use made of their money. He then spoke eloquently in behalf of savings banks and trust companies which he claimed are entirely overlooked in the proposed plan. Finally, he prophesied that "the party that puts through the 'Aldrich Plan' will not see the light of day at the coming election for the people will not stand for it." Mr. Wilder is an eloquent speaker and made a very deep impression upon a large number of prominent bankers who turned out to hear him.

Following Mr. Wilder, came Enoch Rauh, the president of the Credit Men's Association and member of Pittsburgh's "Councilmanic Nine." He was warmly received and his address on "Pittsburgh as it is and How it Should Be," showed his exhaustive knowledge of the needs of this community. Musical numbers closed the program for the evening.

On January 18 the regular meetings of the study classes were held. The public speaking class conducted a debate on "Resolved, That National Banks be Prohibited from Owning All or Any Part of the Capital Stock of Other National or State Institutions." It was decided in the affirmative. It was then announced that Cincinnati Chapter had accepted our challenge to an intercity debate. Complete arrangements have not yet been made but will be announced later. After the debate Professor Conrad conducted the usual "Negotiable Instruments" class. The next debate will be held on January 30 on the subject, "Resolved, That Congress Should Provide for Government Ownership of Telegraph Systems in the United States."

#### ROCHESTER.

By C. F. Rothmeyer.

**T**HE membership of our chapter at this time is 107, about twice that of last year. Of this number 61 have taken up the Institute course, which we consider a good showing, and this indicates that the majority of fellows come into the chapter for a special purpose.

The class in Banking & Finance meets on Tuesday evenings and that in Commercial Law on Friday evenings. The attendance in both is keeping up splendidly; even during the holiday season when everyone was busy doing something for someone else, and the busy time at the first of the year, the fellows did not forget the weekly meetings.

Both Mr. Sigl, who has charge of the class in Banking & Finance, and Mr. Van Schaich, instructor in Commercial Law, are very thorough in their respective subjects and are making each lesson particularly interesting to all, not only with the aim that everyone shall pass the examination but that we may derive some practical benefit from this course. For something that will be of interest to all members we are planning to have an adding machine contest and also a demonstration of the numerical system, while

later in the season Mr. Sigl will give us a lecture on the history of New York State banks. We also hope to have a special lecture by Mr. Van Schaich.

An invitation has been extended to the bank men of Rochester to attend the Chamber of Commerce meeting on Tuesday evening, January 30, at which Robert E. Ireton will give a lecture on the Aldrich bill, in which we all are interested.

Rochester Chapter extends its best wishes to Raymond B. Cox, President of the Institute, for the well-merited promotion that has come to him. We hope he will have a life of useful service with the Fourth National Bank of New York.

#### ST. LOUIS.

Moser for President.

St. Louis January 23, 1912.

**E**DITOR of the Bulletin: Mr. Byron W. Moser, Institute graduate, and former President of St. Louis Chapter, is announced by his chapter as a candidate for the office of President of the Institute.

Mr. Moser possesses the qualifications which the President of the Institute should have. He is industrious, efficient, conscientious, experienced and tactful. The officers of the St. Louis Union Trust Company have recognized in a material way his services to the company. His associates in the Institute have recognized his ability in the administration of the educational work of the chapter, and desire to secure to the Institute at large the services of one who has proven his worth.

The effect of the organization built up during his administration is especially noticeable this year in the increased attendance in class room work. More than one hundred members are registered in one class in law. Mr. Moser has not done this work alone, but he must be given credit for the organization which has done the work.

Support of his candidacy is asked on the basis of past performance. Respectfully,

Franklin L. Johnson,  
Louis W. Fricke,  
John J. Scherrer, Jr.,  
Committee.

By G. Prather Knapp.

Ambitious as were its plans for the year 1911 and 1912, St. Louis Chapter has so far carried them out without a hitch and with increasing interest on the part of its membership.

Manton Davis' course in Commercial and Banking Law has been unusually successful. The original classroom in which the lectures were conducted in the Metropolitan Building, proved too small for the attendance almost from the start and new quarters had to be secured in the Young Men's Christian Association building, Grand and Franklin avenues.

The annual Christmas dance of December 22 proved a most successful and enjoyable function and was attended by about one hundred couples. The reception committee which had charge of the festivities has been widely complimented on the beauty of

their plans and the efficiency with which they were carried out.

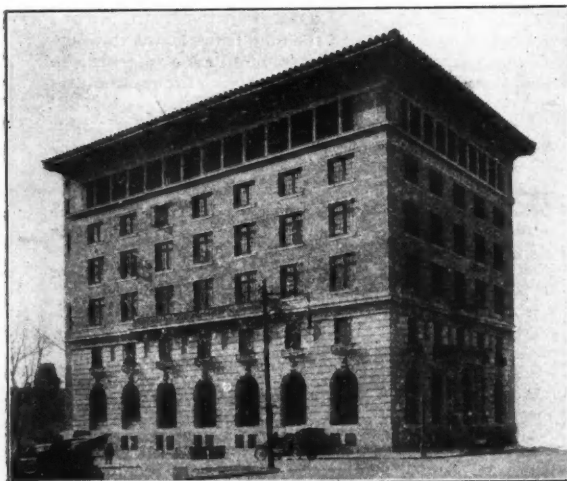
Active preparations are being made for the course in credits which will be opened by E. B. Clare-Avery, Assistant Cashier of the Merchants-Laclede National Bank on February 15. Mr. Clare-Avery will have exclusive charge of this course and in it will deal with the subject on which he is a recognized authority. His well-known abilities not only as a banker but as a literary man and speaker, assure a large attendance and enthusiastic interest.

It is worthy of note that J. Fletcher Farrell, Vice-President of the Fort Dearborn National Bank of Chicago, who was lately elected treasurer of the American Bankers' Association at the New Orleans convention, is a native Missourian and former member of St. Louis Chapter. While in St. Louis Mr. Fletcher acted as Assistant Cashier of the Third National Bank, and is well remembered by chapter members here.

#### SALT LAKE.

By T. W. Ball.

WE have been so busy laying plans for the handling of the next convention of the Institute that we have not had much to say in these columns. Strictly speaking we have been "saying nothing but sawing wood."



SALT LAKE COMMERCIAL CLUB.

Great progress has been made thus far this year along an educational line and undoubtedly Salt Lake Chapter will at the end of this season graduate a large class in "Banking and Finance."

Three study classes are held a month under the direction of Prof. F. W. Kirkham and one night a month is devoted to business, debates, etc. This plan is a great improvement over the plan heretofore practiced here of holding only two meetings a month as we find that the interest does not lag and attendance is better.

We are now busily engaged in preparing for a big minstrel show to be held Lincoln's birthday, and the outlook is good for a great success both financially as well as from an entertainment standpoint.

It is pleasing to note the interest that is being taken by the members this year and the number of new memberships being brought in. No doubt the fact that the convention is to be held here is stimulating interest in some places where heretofore little interest was taken, and we hope before the end of the season to have every bank clerk in town in the harness.

#### SAN FRANCISCO.

By Wm. A. Marcus.

A VERY able paper was read before San Francisco Chapter by F. L. Lipman, Vice-President of the Wells Fargo Nevada National Bank, on December 21 last. Mr. Lipman is well versed in banking conditions and his paper on "Banking and Currency Reform" was most instructive. During his remarks he mentioned the advantages of an open discount market and its aid in averting money panics.

On the same evening F. C. Mortimer, Cashier of the First National Bank of Berkeley, read a paper on "Some Phases of Loans and Discounts." Mr. Mortimer pointed out the great value of short-time mercantile paper for commercial bank investments.

The class in Banking and Finance meets on Wednesday afternoons at 5.15 and is making satisfactory progress.

Robert W. Harrison has begun his third series of Friday afternoon law lectures. His previous subjects were "Negotiable Instruments" and "Contracts" and he is now discussing "Sales and Bailments."

The final game in the bowling tournament was played off Saturday afternoon, January 6, between the teams of the Crocker National and the Anglo and London-Paris National Banks, who were tied for first place, each with a record of 19 games won and two lost. The bowling alleys were crowded with rooters of both banks and, among the other spectators, were members of the six defeated teams. The excitement was almost beyond control, echos from the alleys being heard clear to the street. But, despite the din and noise and joshes from the rival rooters, the game was played and the Anglo and London-Paris National Bank team made off with the prize—a handsome silver cup, presented by the chapter, by a score of 2,479 for the final games, against 2,268 made by the Crocker team. Each of the six members of the winning team was presented by the management of the alleys with a silver trophy cup. The winning team was composed of Messrs. Martin, Klinker, Buckley, Avy, Foley and Walker. The cash prizes for high individual scores and averages were divided by Messrs. Foley, Avy and Martin.

#### SEATTLE.

By Ross MacDonald.

THE regular January meeting of Seattle Chapter was picked out as contest night and the biggest crowd of the season filled the new clubrooms to the windows. Enthusiasm was in the air and the

different favorites were cheered and admired as they put forth their most valiant efforts to move faster than the stop-watches. Much of the success of the evening was due to the courtesy of the Burroughs Adding Machine Co., who furnished five machines for the machine contest, the regular contest checks, and cash prizes for the first, second and third best times for correct listings. Two hundred and fifty checks were used, and while none of our boys came anywhere near the world's record the eighteen contestants all made fairly good time and eight of them turned in correct lists. Again it was the first time that any of them had ever been in a contest as Seattle Chapter has not held one for five years. When the lists were examined it was found that the requirement of accuracy had counted more than speed. H. Barton and M. Shrewsbury, both of the Seattle National Bank, with times of 4 minutes flat and 4.09, respectively, had both made a ten-cent error, and the \$20 first prize went to O. C. Lohman, of the Scandinavian American Bank, whose time was 4.29. Second prize of \$10 and third prize of \$5 were won by A. Stusser, Seattle National Bank, 4.31 4-5, and S. Scripture, Scandinavian American Bank, 4.32.

The Seattle National Bank kindly consented to keep their vault open and furnish the raw material for the currency counting contest. Having no experience in this kind of a contest the judges made the mistake of taking too much small money. Approximately \$5,000 was used, consisting of about \$2,500 in currency in denominations not larger than twenties, \$2,000 in gold and \$500 in silver and small coin. It was beautifully mixed and the contestants had to segregate each denomination and turn in a cash slip with the totals footed correctly. Frank Hitchcock of the Seattle National Bank justified his reputation of being one of the fastest tellers in Seattle by cleaning up the mixture in 16 minutes flat and turning in a correct slip, thereby taking the special prize of \$10 donated by Homer MacDonald of the Seattle National Bank. Ward Simpkins of Dexter Horton National Bank made time of 16.49 but made one error in his slip, as did Adolph Linden of the Scandinavian American Bank who made third best time.

### SPOKANE.

By W. N. Baker.

THE regular meeting of Spokane Chapter on January 10 was well attended and those present got as good a run for their money as has been offered this season, with two headline attractions and all the rest of the bill quite up to the usual standard of the A. I. B. circuit.

J. Grier Long, President of the Washington Trust Company and of the Spokane Clearing House Association, gave us an excellent talk on "The Personal Side of the A. B. A. convention at New Orleans and a report on the Banking Situation in Cuba." His impressions of the various speakers at the convention, and a brief synopsis of some of the principal addresses, also his comparison of the banking methods of Cuba with those of the United States were of great interest and he was given the closest attention during the thirty or forty minutes he allowed himself.

Chapter President J. W. Bradley's "Brief History of the First and Second United States Banks" was quite as well received and showed no small amount of study and preparation.

The same can hardly be admitted of the debate on the subject, "Resolved, That all Banking in the United States Should Be Conducted Under National Laws and Supervision," but so far as supplying the amusement of the evening, it was the one best bet. The affirmative was represented by Sidney E. Smith and Geo. C. Gage of the Exchange National, and the negative by Cyrus Cooper and Sherman Halvorsen of the Fidelity National. The original manner in which Mr. Cooper presented his side of the question was the direct cause of the affirmative almost taking the count, as he had the judges, jury and everyone else holding on to their chairs and yelling for help when the Chairman's gavel called time on him. The gong was all that saved them from a knockout. It really wasn't a debate, it was a one-act farce, entitled "Make 'em Prove It," with Mr. Cooper as the leading comedian, ably aided and abetted by a sterling cast of players. It couldn't have made a bigger hit if the "company" had spent a month in rehearsals—and they didn't.

Joe Codd of the Old National and "Professor" Otto Allgaier of the Commerce, furnished the musical features of the evening's entertainment. It was Mr. Codd's first appearance before us, and it is to be hoped will not be his last. The "Professor" has favored us many times before and his popularity ever increases with each reappearance.

The second chapter dance of the season will be held at the Masonic Temple on the night of February 15, 1912. Galgano's orchestra will furnish the music for the occasion.

Chas. E. Meek, Assistant Cashier of the Fourth National Bank of New York and Vice-President of the National Credit Men's Association will be in Spokane on February 7, as the guest of the Spokane Merchants Association. He is considered one of the foremost authorities on credits in the country and will be the principal speaker at the meeting of the local Credit Men's Association on that date. Arrangements have been made to have him address the chapter later in the evening at our regular monthly meeting.

### SPRINGFIELD.

By A. H. Hastings.

ONE of the best attended meetings of the Springfield Chapter was held January 25 at the Board of Trade rooms, with Charles A. Frazer, the City Tax Collector, as the speaker of the evening. The methods of assessing and collecting taxes are very interesting, and Mr. Frazer gave a full and comprehensive talk on the subject.

We were also fortunate in having Mr. Allen, Educational Director, with us, to help outline and offer suggestions to the members relative to starting the Institute study work with an instructor.

It was decided to hold a dance the middle part of February.

WASHINGTON.

By Harry V. Haynes.

ANOTHER case of "cause and effect" as the Educational Director aptly puts it, has been found in Washington. Our Educational Chairman, W. W. Spaid, was, on the first of January, made a partner in the firm of W. B. Hibbs and Company, bankers and brokers. Mr. Spaid is a native of Ohio and is thirty-two years of age. He is a graduate of the National University Law School of this city, a member of the District of Columbia Bar Association and has been in the service of Hibbs and Company for about twelve years. While he has been a member of Washington Chapter for only two years, he is a gradu-



W. W. SPAID.

ate of the Institute and his progress in all directions has been by leaps and bounds. A man of exceptional magnetic personality and of genial temperament, a deep thinker and an interesting conversationalist, he has won the esteem of all. The service he is rendering the chapter this year is such as will measure the efficiency of the educational chairman for years to come. While, perhaps, we have no right to assume that Mr. Spaid's activities in the chapter contributed to his promotion, nevertheless he was making a reputation with us which was within the knowledge of the firm, and we congratulate it upon its wisdom in making the selection.

There are without doubt many bank men of su-

perior ability working along from day to day at the tasks assigned them, with no opportunity to show their real worth, who would do well to take an active part in carrying on the chapter work even at the expense of something else. There is always a place at the front for those who can fill it.

On January 11 we had with us our old friend O. Howard Wolfe, Secretary of the Clearing House Section, who talked on "Clearing Houses and Transits," finishing up with a most lucid explanation of the Numerical System. These subjects are always interesting and particularly so when Mr. Wolfe speaks. He has won a warm place in the hearts of the Washington boys and the latchstring will always be accessible to him.

J. Wohnsiedler, of the bond department of the National City Bank of New York, addressed us on the subject, "Loans and Credits," on January 18. It was the first time we had the pleasure of hearing Mr. Wohnsiedler and he left us with the feeling that the handling of loans ought to be an easy matter. He withstood, after his formal address, the fire of questions for over a half hour and his answer to each was immediately forthcoming and to the point.

Preparations for the annual banquet have been completed. It will be given at the Raleigh Hotel on the evening of February 10, the speakers to be Hon. Champ Clark, Speaker of the House of Representatives, Senator Bourne, Judge Norris of Nebraska, Representative Littleton, Representative Weeks, John E. Gardin, Vice-President of the National City Bank; Raymond B. Cox, President of the Institute, with Senator-elect Ollie M. James as toastmaster.

WICHITA.

By Leland Scrogin.

WICHITA Chapter is well under way and promises to demonstrate the practicability of chapters in cities of medium size. This chapter includes members from adjacent counties and there were present at the annual meeting junior bankers from Newton, Wellington, Hutchinson, Eldorado, Winfield and several other nearby cities. The officers of the Wichita Chapter are: E. C. Clairborne, President; Clyde A. Shup, Vice-President; Frank Mosbacher, Treasurer, and Leland Scrogin, Secretary. The Board of Governors: O. L. Jacques, D. E. Wire, Frank Mosbacher, E. C. Clairborne, Leland Scrogin, Andrew J. Boyd, Clyde A. Shup, G. E. Outland and C. T. Abell. At a recent meeting Frank T. Ransom, President of the Stock Yards National Bank, read a paper on "Ethical Points in Banking," after which there was a contest in mental arithmetic for which prizes were awarded. Prize in the first contest was won by H. A. Beck, Kansas National Bank; second contest, Walter Feldner, National Bank of Commerce. Former Senator Chester I. Long talked informally of banking methods and cited the cases of many successful men who had started their careers as bank clerks.

# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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NO. 9.

## OFFICERS AMERICAN BANKERS ASSOCIATION, 1911-1912.

### PRESIDENT:

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

### FIRST VICE-PRESIDENT:

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

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

### GENERAL SECRETARY:

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### TREASURER:

J. FLETCHER FARRELL, V-Pres. Ft. Dearborn Nat. Bk., Chicago.

### ASSISTANT SECRETARY:

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

### GENERAL COUNSEL:

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

### MANAGER PROTECTIVE DEPARTMENT:

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

## DETROIT HOTELS—ANNUAL CONVENTION.

**D**ETROIT is well supplied with good hotels which will be available to the fullest extent on the occasion of the Thirty-eighth Annual Convention of the Association in that city during the week beginning September ninth.

Increased attendance year after year utilizes all obtainable space in the convention city, and in many instances those who contemplate going apply very early for living quarters; this applies particularly to those who wish to be at headquarters hotel. Frequent inquiries received at the association offices in the past, as well as at the present time, would indicate that the membership does not fully understand how to secure hotel accommodations. All hotels will receive applications for rooms in the order in which they come to hand, until the capacity of each hotel is taken up; from that time it is customary to refer applicants to the local Hotel Committee, which handles entirely the problem of housing guests.

Neither the Association nor the General Secretary procure hotel accommodations for members at large. The only exception, is the custom which has been in vogue for many years, for the Secretary to secure accommodations at headquarters hotel for the officers, members of Executive Council, ex-Presidents and speakers. This rule is rigidly enforced, and no favoritism is shown, no rooms being set aside for other than those just enumerated. Under authority

of the Administrative Committee, the official list has been covered in the usual manner for this year.

The following is a partial list of Detroit hotels which can be classed as better-grade: The Pontchartrain (headquarters), Cadillac, Wayne, St. Clair, Tuller, Addison, Griswold, Normandie, Charlevoix and Metropole. A list of other hotels which will be available and which furnish good accommodations, will be published later.

## EXECUTIVE COUNCIL—SPRING MEETING.

**U**NDER the authority given to the Administrative Committee by the Executive Council of The American Bankers Association, Briarcliff Lodge, Briarcliff Manor, New York, has been selected as the place for holding the Spring meeting. The committees will meet on Monday, May sixth, and the Council will do likewise on Tuesday and Wednesday, May seventh and eighth. The Spring meeting is always freely attended, and sufficient time is allotted for the sessions so that important matters incidental to the work of the Association shall receive suitable attention, discussion and action.

Briarcliff Manor is about thirty miles from New York City on the New York Central Lines. The railroad station is Scarborough. Briarcliff Lodge is located about a mile from the station and is one of the best hotels of its class in the United States. It is

ideally located, being removed from the distractions of business far enough to permit the closest attention to the affairs of this Association; and this meeting will, as is customary, be void of entertainment features. Briarcliff Lodge opens for the season the week before the sessions are to be held, hence will be almost wholly available for the needs of The American Bankers Association.

#### ANNUAL PROCEEDINGS—YEAR-BOOK OF THE ASSOCIATION.

**T**HE Annual Proceedings has just come from the press and is now being distributed to every member of the Association, being sent by express to insure delivery. This volume is uniform with those which have been issued in recent years by the Association. It comprises 369 pages, is bound in three-quarter leather, and in addition to a historical sketch of the Association, embodies the Constitution and By-laws, names of past officers, Vice-Presidents of States and committees, the portraits of officers, the membership of the Association to December 31, 1911, the proceedings in full of all the meetings held in New Orleans by the Trust Company, Savings Bank and Clearing House Sections, the reports of the officers, of various committees, and of the Sections. At the present time perhaps of paramount importance are all the addresses and discussions in full which ensued at the New Orleans Convention on the all-absorbing topic of the "National Reserve Association."

We ask our members who could not attend the New Orleans Convention, if they wish to know more about the affairs of the Association, to read the reports of officials, committees and sections; and also to read the excellent addresses (of which fourteen were delivered by prominent bankers and laymen) on the National Reserve Association plan. The book is thoroughly indexed, so that all subjects are quickly accessible.

#### COMMITTEE ON AMENDMENTS.

**T**HE Executive Council at its last session held in New Orleans on November 24, appointed a committee consisting of F. H. Goff, Chairman Trust Company Section; J. F. Sartori, Chairman Savings Bank Section, and J. K. Ottley, Chairman Clearing House Section. This special committee was authorized to appoint a committee of seven: "One each from the Trust Company, Savings Bank and Clearing House Sections, and four from the membership at large, exclusive of members of the Council, to consider and report to the Spring meeting of the Council any amendments to the Constitution which, in their judgment, may be desirable, as well as to report upon any other amendments which may be submitted to them."

This special committee has just reported the appointment of the following committee of seven:

To represent the Clearing House Section—Milton E. Alles, Vice-President Riggs National Bank, Washington, D. C.

To represent the Savings Bank Section—E. L. Robinson, Vice-President Eutaw Savings Bank, Baltimore, Md.

To represent the Trust Company Section—E. Elmer Foye, Vice-President Old Colony Trust Co., Boston, Mass.

From the membership at large—C. H. McNider, President First National Bank, Mason City, Iowa; E. C. McDougal, President Bank of Buffalo, Buffalo, N. Y.; Lucius Teter, President Chicago Savings Bank & Trust Co., Chicago, Ill.; Montgomery Evans, President Norristown Trust Co., Norristown, Pa.

#### INVESTMENT BANKERS SECTION.

**F**OR several months there has been considerable activity among investment bankers with a view to forming an organization for their protection and mutual benefit in the belief that such an organization would likewise be of value to those banking institutions which buy high-grade securities. This movement has had strong support from the investment departments of the regularly organized and incorporated banks of the United States.

The investment bankers desire that the proposed organization be made a Section of The American Bankers Association; if that can not be accomplished it is planned to complete the body and conduct it independently.

During the New Orleans Convention this proposal was presented in concrete form, but owing to other important business which was entitled to prior consideration, and especially the all-absorbing question of banking and currency legislation, the Investment Bankers Section proposition was not analyzed fully but was laid over with the understanding that the subject could be presented to the May meeting of the Executive Council and be given careful thought.

To thoroughly investigate the subject, and for the purpose of presenting the matter properly to the Executive Council, an Organization Committee has been appointed by those interested, and will meet in Chicago on the evening of March twenty-ninth, when it is expected a full delegation will be present. The Organization Committee is as follows:

Chairman, George B. Caldwell, V. P., Continental and Commercial Trust and Savings Bank, Chicago, Ill.; Frederic R. Fenton, Devitt, Tremble & Company, Chicago, Ill.; Chas. H. Schweppe, Lee, Higginson & Company, Chicago, Ill.; Chas. Counselman, Spencer Trask & Company, Chicago, Ill.; C. H. Moore, Jr., Woodin, McNear & Moore, Chicago Ill.; Ross Lansing, National City Bank, Chicago, Ill.; Harry Stuart, N. W. Halsey & Co., Chicago, Ill.; Allen S. Hoyt, N. W. Halsey & Co., New York, N. Y.; J. R. Swan, Kean, Taylor & Company, New York, N. Y.; Dr. Channing Rudd, Rhoades & Company, New York, N. Y.; H. W. Briggs, E. H. Rollins & Sons, Boston, Mass.; Geo. W. Kendrick, 3rd, E. W. Clark & Co., Philadelphia, Pa.; E. O. March, J. S. & W. S. Kuhn, Pittsburgh, Pa.; Harry E. Weil, Weil, Roth & Co., Cincinnati, Ohio; Warren S. Hayden, Hayden, Miller & Co., Cleveland, Ohio; D. T. Williams, Fidelity Trust Company, Baltimore, Md.; D. Arthur Bowman, D. Arthur Bowman & Co., St. Louis, Mo.; J. H. Smith, A. G. Edwards & Co., St. Louis, Mo.; Eugene M. Stevens, Stevens, Chapman & Co., Minneapolis, Minn.; H. W. Noble, H. W. Noble & Co., Detroit, Mich.; John H. Porter, Boettcher, Porter & Co., Denver, Colorado.



**T**HE following visitors registered at the Association offices during the month of February:

Albrecht, Albert, Director Michigan Savings Bank, Detroit, Mich.  
 Bailey, Hon. W. J., Vice-President Exchange National Bank, Atchison, Kans.  
 Bemis, Harry A., Attorney, Beyer & Co., New York, N. Y.  
 Brownell, C. H., President Citizens National Bank, Peru, Ind.  
 Carlson, C. Edw., Asst. Cashier State Bank of Chicago, Chicago, Ill.  
 Clark, J. A., New York, N. Y.  
 Conway, Chas. T., Assistant Auditor Old Colony Trust Co., Boston, Mass.  
 Crane, R. B., Vice-President National Bank of Commerce, Toledo, Ohio.  
 Croy, Ralph, Assistant to the President, Bank of Buffalo, Buffalo, N. Y.  
 Cutler, Ralph W., President Hartford Trust Company, Hartford, Conn.  
 Edsall, T. D., Cashier Hardyston National Bank, Hamburg, N. J.  
 Edwards, J. N., Manager Greenhut, Slegel, Cooper & Co., Bankers, New York, N. Y.  
 Edwards, W. C., Treasurer Guaranty Trust Co., New York, N. Y.  
 Ellington, W. R., Detroit, Mich.  
 Farrell, J. F., Vice-President Fort Dearborn National Bank, Chicago, Ill.  
 Farrell, Mrs. J. F., Chicago, Ill.  
 Forbes, Henry D., Vice-President National Shawmut Bank, Boston, Mass.  
 Fries, Col. F. H., President Wachovia Bank & Trust Co., Winston-Salem, N. C.  
 Goff, F. H., President Cleveland Trust Co., Cleveland, Ohio.  
 Hall, Joseph S., General Passenger Agent, Lake Erie & Western R. R. Co., Indianapolis, Ind.  
 Hall, W. G., New York, N. Y.  
 Havens, E. A., Assistant Cashier Mechanics National Bank, Providence, R. I.  
 Hawkins, N. A., Commercial Manager Ford Motor Co., Detroit, Mich.  
 Hawkins, Mrs. N. A., Detroit, Mich.  
 Hayes, Norman T., Philadelphia National Bank, Philadelphia, Pa.  
 Hildreth, Horace E., Secretary Cosmopolitan Trust Co., Boston, Mass.  
 Hoffman, W. F., President Commercial National Bank, Columbus, Ohio.  
 Holden, A. M., President Bank of Honeoye Falls, Honeoye Falls, N. Y.  
 Hopkins, W. F., Vice-President Third National Bank, Buffalo, N. Y.  
 Johnson, A. Dorman, Boise City National Bank, Boise, Idaho.  
 Johnson, George R., Assistant Cashier Bank of Honeoye Falls, Honeoye Falls, N. Y.  
 Keeler, A. S., Cashier, Fisk & Robinson, New York, N. Y.  
 Kent, Robert D., President Merchants Bank of Passaic, Passaic, N. J.  
 Kloss, D. S., Cashier First National Bank, Tyrone, Pa.  
 Le Porin, F. W., Assistant Treasurer Windsor Trust Co., New York, N. Y.  
 Lowry, Col Robert J., President Lowry National Bank, Atlanta, Ga.  
 Markwitz, A. Lincoln, New York, N. Y.  
 Matthews, Elmer E., Briarcliff Lodge, Briarcliff Manor, N. Y.  
 McDougal, E. C., President Bank of Buffalo, Buffalo, N. Y.  
 McKay, C. R., Manager Transit Dept., First National Bank, Chicago, Ill.  
 Metcalf, Edward P., President Atlantic National Bank, Providence, R. I.  
 Miller, E. J., Supt. Burglary Dept., Casualty Co. of America, New York, N. Y.  
 Millett, C. L., President Stock Growers Bank, Fort Pierre, S. D.

Million, E. C., President American National Bank, McAlester, Okla.  
 Mitchell, Max, Vice-President Cosmopolitan Trust Co., Boston, Mass.  
 Norris, George R., Vice-President Columbia Savings Bank & Trust Co., Columbia, S. C.  
 Pierce, Carroll, Vice-President Citizens National Bank, Alexandria, Va.  
 Potter, Arthur L., Treasurer Cosmopolitan Trust Co., Boston, Mass.  
 Pugsley, Hon. Cornelius A., President Westchester County National Bank, Peekskill, N. Y.  
 Remmel, H. L., President Mercantile Trust Co., Little Rock, Ark.  
 Riecks, Chas. W., Vice-President & Cashier Liberty National Bank, New York City.  
 Robinson, Chas. L., New York, N. Y.  
 Rodgers, H. D., Assistant Treasurer Albany Savings Bank, Albany, N. Y.  
 Russel, Geo H., President Peoples State Bank, Detroit, Mich.  
 Skinner, William C., Toronto, Canada.  
 Sweasy, J. F., American Exchange National Bank, New York, N. Y.  
 Walsh, J. M., Private Banker, New York, N. Y.  
 Wardrop, Robt., President Peoples National Bank, Pittsburgh, Pa.

#### ILLINOIS BANKERS ASSOCIATION.

##### Special Work.

**T**HE Illinois Bankers Association is using special efforts to bring about certain reforms for bettering conditions along various lines in that state, a campaign being carried on by the mailing to the membership of circular letters and pamphlets prepared by the Association; as well as other methods of publicity.

The status of the work covering suggestions offered by B. F. Harris, President of the Association is as follows:

**"To Secure Better Roads in the State.** In this work, our committee has collected the first real sentiment, as to how the people feel, by getting answers from our 1,700 bankers to twenty questions we have asked on the subject. These answers indicate a most progressive spirit, abreast of the times, advocating the better methods and road laws such as are employed by other states. Our committee has enlisted the support of the Illinois Federation of Commercial Clubs and will work and co-operate with them, and others, to get action from the legislature in the direction of better road laws."

**"To Secure a Better Banking Law Bringing all Banks in the State Under Supervision.** This matter has been referred to, more especially of late, in the press of the state, which has rallied unanimously to the support of the movement."

**"We Have Suggested and Made Public the Desirability of Adopting in Illinois, Some Such Legislation as the "Blue Sky" law enacted in Kansas.** This is to save innocent investors from purchasing valueless "Get-rich-quick" securities, by bringing certain security selling concerns under supervision of the State Banking Department.

**"A Hope, by Publicity, to Further Inculcate Among Our Citizens the Desirability and Necessity for Habits of Thrift and Saving and Sane Investments."**

In addition to the foregoing, the Association is carrying on an aggressive campaign in extending Agricultural and Vocational Education. (See page 540 of this issue of the Journal).



# TRUST COMPANY SECTION



Officers, 1911-1912.

**PRESIDENT:**

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

**FIRST VICE-PRESIDENT:**

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

**CHAIRMAN EXECUTIVE COMMITTEE:**

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

**SECRETARY:**

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

**T**HE officers of the Section, F. H. Fries, President; William C. Poillon, First Vice-President; F. H. Goff, Chairman Executive Committee, held meetings in the office of the Section on February 26 and 27, to discuss plans for the Second Annual Banquet of the Section, which the Executive Committee at its last meeting unanimously decided should be held. As the Council Meeting will be held at Briarcliff, a short distance from New York, on May 6, 7 and 8, it was decided to hold this banquet at the Waldorf-Astoria in New York City on the evening of Thursday, May 9, and the following letter has been forwarded to all members of the Section:

"March 9, 1912.

To the Member Addressed:

In accordance with the wishes of our members, very generally expressed, the Executive Committee of the Section has unanimously decided to hold another trust company banquet and you are herewith advised that this **Second Annual Banquet** of the Trust Companies of the United States, members of the Trust Company Section of the American Bankers Association, will be held at the Waldorf-Astoria Hotel in New York on the evening of Thursday, May 9, 1912.

The following gentlemen have kindly consented to serve as a

**COMMITTEE OF ARRANGEMENTS.**

Otto T. Bannard, President New York Trust Company, New York; Chas. J. Bell, President American Security & Trust Company, Washington, D. C.; Ralph W. Cutler, President Hartford Trust Company, Hartford, Conn.; E. Elmer Foye, Vice-President Old Colony Trust Company, Boston, Mass.; Alexander J. Hemp-hill, President Guaranty Trust Company, New York; A. A. Jackson, Vice-President Girard Trust Company, Philadelphia, Pa.; Clarence H. Kelsey, President Title Guarantee & Trust Company, New York; Willard V. King, President Columbia Trust Company, New York; Alvin W. Krech, President Equitable Trust Company, New York; John H. Mason, Vice-President Commercial Trust Company, Philadelphia, Pa.; Edwin S. Marston, President Farmers Loan & Trust Company, New York; Edwin G. Merrill, President Union Trust Company, New York; Uzal H. McCarter, President

Fidelity Trust Company, Newark, N. J.; John W. Platten, President United States Mortgage & Trust Company, New York; A. H. S. Post, President Mercantile Trust & Deposit Company, Baltimore, Md.; Benjamin Strong, Jr., Vice-President Bankers Trust Company, New York; F. H. Fries, President Wachovia Bank & Trust Company, Winston-Salem, N. C., President Trust Company Section; William C. Poillon, Vice-President Bankers Trust Company, New York, First Vice-President Trust Company Section; F. H. Goff, President Cleveland Trust Company, Cleveland, Ohio, Chairman Executive Committee Trust Company Section; Philip S. Babcock, Secretary Trust Company Section, New York.

No effort will be spared to make this banquet equally as notable as the one of last year and you are earnestly urged to be present by representation and with guest.

A cordial invitation will be extended to friends identified with other classes of banking and financial institutions to join with us on this occasion.

The price of each seat will be \$12 and a subscription blank is enclosed which you are requested to return promptly to P. S. Babcock, Secretary, 11 Pine Street. Respectfully yours,

F. H. FRIES, President."

**"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.



# SAVINGS BANK SECTION

Officers, 1911-1912.

**PRESIDENT:**

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

**FIRST VICE-PRESIDENT:**

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

**CHAIRMAN EXECUTIVE COMMITTEE:**

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

**SECRETARY:**

E. G. McWILLIAM, 11 Pine Street, New York.

**GREETING.**

IT is with a feeling of deep appreciation of the honor conferred and a determination to maintain the dignity and usefulness of the office, that your new Secretary assumes his duties, and takes this opportunity of conveying a personal message to each member of the Savings Bank Section.

This office from a small beginning, has grown in influence and scope under the administrations of the late Mr. Hanhart, and Mr. Kniffin, to a position of prominence and utility among the Savings Banks of our country. The writer enjoyed a slight acquaintance with Mr. Hanhart, and a very close acquaintance with Mr. Kniffin, to the splendid capabilities of both of whom it is a pleasure to pay tribute. The fostering of the School Savings Bank, the suggestion of a centennial celebration in 1916, and the establishment of a clipping service bringing into this office a wealth of information pertaining to Savings Banks, are but a few results of the last year's work alone.

It is indeed an honor to serve an organization whose object is to conserve one of the greatest economic forces of our country, the savings of the people; and, as someone has said, "a country's greatness is measured by its thrift," our obligation becomes one of patriotism as well as benevolence.

No institution, accepting the savings of the people in course of business, can escape the ethical responsibility which accrues therefrom, and it is a pleasant thought that our two thousand members are standing as sentinels throughout the length and breadth of this fair land, to quote a remark of Ex-President Robinson, "guarding our savings banks, and making them safe from within and without," for in these days, should the masses, who find themselves gradually pushed to the wall by forces over which they apparently have no control, also have their confidence shaken in the savings banks, dire would be the result.

A straw which indicates in what direction the storm might break, should this occur, is the recent case of the savings bank in a New England town where, as reported in the newspapers, the State bank examiners, finding its condition unsatisfactory, obtained an injunction restraining the bank from operating for a period of three months, or until its actual condition could be ascertained. This bank's de-

positors were largely mill-hands, many of them foreigners, and when after the day's work, they learned that something was wrong with "their bank," they went there as a mob and, finding they could not get their money, stormed the building, doing considerable damage.

The President of one of the large savings banks in New York City recently said before a gathering of savings bank men, that "savings banks are not a business; they are in the same class with a church charity foundation, a hospital; yes, and even the church itself." This gentleman was speaking from the mutual standpoint, and may seem extreme to some, but our standard of ethics can not be placed too high, and it will always be the policy of this office to keep it there. It is also our earnest desire to be of personal service to every member of this Section, and rest assured that whether your inquiry comes from near or far, in regard to whatever you think we can help you, it will receive immediate attention, and it is hoped that a continuance of efficiency in this respect will of itself be responsible for increased membership.

We shall endeavor to create a live interest among our members in this department of the Journal-Bulletin, by making it not merely a record of our work, but by presenting savings bank items from all over the English-speaking world, new methods as they appear, and in short, everything which will tend to increase the co-operation and efficiency of our members.

Lastly, it "is earnestly desired that our members shall" swamp us with suggestions whereby the usefulness of this office may be increased. Let every member feel a personal interest in the work, and regard the Secretary simply as the instrument in their hands by which the work shall be carried out.

**HOW SHALL WE HANDLE CHECKS?**

THIS may seem a superfluous question to ask a body of bankers, but we of the savings banks are confronted with a different phase of the matter from our brothers in other branches of banking, and may well pause and consider the question which has been so pointedly brought to our attention through the pamphlet recently issued from this office, at the instance of our former Secretary.

The national and state banks and trust companies have an intimate acquaintance with their depositors, which is denied the savings banks by the very nature of their business—by the fact that except in rare cases, they have no knowledge that a depositor has a legal right to the name given upon opening an account. In our large cities a savings bank of ten thousand open-accounts is rated a small institution, and when we consider all of the banks varying in size from this up to one hundred and seventy-five thousand open-accounts, nearly all with strangers, is there not good reason to consider the risk involved in the unlimited acceptance of checks for deposit, no matter what may have been our experience in the past?

Some savings banks refuse to handle checks at all unless certified. This, of course, verifies the amount, but how about the indorsement? And that is where most of our trouble arises—in forged indorsements. For instance, a depositor presents a certified check bearing a prior indorsement to his, for deposit. You accept it and credit his account. After ten, thirty or sixty days, whatever your rule may be for paying against checks, this account is closed and some time later the maker of the check discovers that the first indorsement is forged. What is the answer? You make good. Hence the first rule, which is a good one to observe, is not to accept checks with more than one indorsement, i. e., the depositor's.

Now let us assume that, having adopted this rule, you accept for deposit a check made payable to a

depositor who opened an account a short time previously with cash. This account also is closed as above, and it is later proven that your former depositor borrowed the name upon the check, opened the account with cash, and forged the indorsement. Again you make good. And we evolve another rule that all checks must be made payable to the bank upon their face, though this would seem to be an injustice to old depositors or those known to the bank.

Some banks will not accept checks at all, and while like Caesar's wife, they may be above suspicion, it is a question if they would not better fulfill their proper functions in the community, by doing so under certain restrictions.

We will assume that all properly conducted savings banks have certain rules relative to payment against checks. The two mentioned here are considered by many to protect them, and yet it has been shown how easily one might be circumvented. Therefore we would suggest that upon every pass book issued, where the depositor is properly identified, some note be made of that fact, and upon such accounts, or those of depositors of some years' standing, checks be received made payable on their face to the depositor or the bank, and that upon all other accounts, checks be received only if made payable to the bank upon their face. Of course, as long as there are "crooks" there will be methods of "beating" the most carefully prepared rules, but if the above were followed by savings banks, we feel that risk would be reduced to a minimum.

#### PAMPHLETS ON CURRENCY LEGISLATION.

**T**HE text of the bill creating a National Reserve Association, filed with Congress January 8th, may be had free upon request from the Library Department of the A. B. A.

It is combined with the report of the National Monetary Commission, which considers in detail the changes made since the New Orleans meeting, the most important provision being that which limits the percentage of stock control of one bank by another to 40 per cent.

The Association also has on hand for distribution upon request the following pamphlets:

Aldrich, N. W. Address before the annual convention of the American Bankers Association at New Orleans, Nov. 21, 1911.

Anderson, F. B., "Relation of the National Reserve Association to Foreign Trade and Banks, and the World's Financial Centers."

Anderson, F. B., "The need of Banking and Currency Reform."

Fourth National Bank, N. Y., "The New Aldrich Currency System, Original and Revised Plan Arranged in Parallel Columns, with Explanation."

Forgan, J. B. "Clearing House Examinations by Clearing House Examiners."

Kent, Fred I., "National Reserve Association and our Foreign Trade."

National Citizens League, Bartlett, A. C., "Banking Reform as Seen by Commercial Interests"; W. C. Cornwell, "The National Reserve Association Secure from Political Control," "Co-operation or Centralization?"; J. V. Farwell, "Importance of Monetary Reform to Business Men," An Address to Business Men on the "National Reserve Association";

J. L. Laughlin, "Banking Control," "Banking Reform as Seen by Commercial Interests," "Movement of Cotton in the South," "Suggestions for Banking Reform"; Franklin MacVeagh, "Banking and Currency Reform"; John Perrin, "Trade Fluctuations and Panics," "Principles and Methods of Banking Reform"; G. E. Roberts, "Functions of a Gold Reserve"; W. H. Taft, "Recent Addresses on Banking Reform."

National Monetary Commission.—Suggested plan for monetary legislation, January 16, 1911. Suggested plan for monetary legislation as revised by the Currency Commission of the A. B. A., April 23, 1911.

Reynolds, Arthur, "The Aldrich Plan," "Some Aids to the Solution of Our Financial Problems," "The Unsettled Currency Problem."

Reynolds, George M., "The Aldrich Currency Plan Interpreted."

Warburg, Paul M., "The Discount System in Europe."

Three addresses on the "Purpose and Origin of the Proposed Banking Legislation" by A. Piatt Andrew may be secured from the author, Treasury Dept., Washington, D. C.

#### BOUND COPIES OF THE JOURNAL.

**W**E have on hand a limited supply of Vols. 1, 2 and 3 of the Journal. These books are handsomely bound in three-quarter leather, and include a general index under various headings, by which any particular data can be readily found, thus making it a valuable book for reference.

Anyone desiring copies can obtain same at cost, the price being \$2.00 each for Vols. 1 and 2, and \$2.50 for Vol. 3, the latter including Bulletin of the American Institute of Banking.



# CLEARING HOUSE SECTION



Officers, 1911-1912.

**PRESIDENT:**

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

**VICE-PRESIDENT:**

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

**CHAIRMAN EXECUTIVE COMMITTEE:**

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

**SECRETARY:**

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

## TRANSIT TROUBLES AND THE COUNTRY CLEARING HOUSE.

**T**HE Clearing House Section, as is well known to all who are familiar with its history, grew out of a Conference of Clearing Houses held in Cleveland, September 6, 1899, "to consider the unsatisfactory and confused condition of collection and exchange charges." Since that time there have been annual meetings of delegates from representative Clearing Houses, and many other matters of interest have been discussed, notably since 1907. One of the most important of these is the system of Clearing House examinations, which has come to be looked upon as the best reform accomplished through Clearing House auspices in recent years. The recent introduction of the Universal Numerical System has focussed attention once more upon transit conditions in this country.

It is a matter of regret that this Section has thus far been unable to accomplish very much upon the subject to which it owes its origin. Exchange conditions are no better than they were in 1899. Improvements in certain sections have been offset by a gradual but steady change for the worse in others. The reason is apparent to anyone who has been in touch with affairs. We have been treating a symptom, and not the disease. Exchange evils are the result and not the cause of our lax and uncertain transit arrangements. The tendency has been for each bank, clearing house or section, as the case may be, to unload its difficulties upon someone else until the limit has almost been reached.

Just a word upon the exchange problem. A charge for the transfer of funds is right and proper and comes within the scope of legitimate banking, provided the cost is put where it properly belongs. Cash is transferred by means of the check at the request of, and for the benefit of, the maker of the check, yet the cost is never put upon him, but upon the endorser. Let us suppose that the endorser should return all checks not payable in his own town, as being subject to a discount and demand cash or something of par value. This would, undoubtedly, result in a readjustment between the country banker and his depositors, and the exchange problem, as such, would cease to exist. The solution, however, lies deeper.

There has been a very definite trend of thought

recently in the direction of the Country Clearing House; a strong undercurrent that is not to be mistaken. City banks see the fallacy of sending each a daily small letter to the Exchange Banking Company of Graftville, with an uncertain remittance at minimum rates not to mention the attendant expense of bookkeeping, postage, stationery, etc. This condition of affairs goes on because one of the dozen banks who are daily being mulcted, has a balance of \$5,000 from Graftville and the other eleven have hopes of getting part of it. So the game goes on in one form or another, all over the country. On the other hand the Square-Deal National Bank of Smalltown also receives a score of daily letters from the same big city. He remits for each at par or at an equitable rate which he would be willing to reduce even further if he could get all his checks in one letter each day instead of twenty.

We have seen the city banks get together and impose collection rates which fall upon the just and the unjust in an attempt to reimburse themselves for the depredations in exchange made by the small country bank—and the small banker increases his rates; we have seen the city banks discriminate against the people who have the least defense, the city depositors—and there have been serious losses in balances, constant circumventions and a threatened suit here and there. In one way or another, we have tried to tax ourselves rich, but without avail.

Depositors are beginning to ask embarrassing questions. They want to know why it takes a week to hear from an item payable in a town about two hours distant by mail. And not one in ten understands an exchange charge. Let us face this issue squarely. The country check is here to stay and it devolves upon the banker to solve the problem of its collection. As a remedy, the country clearing house needs no argument nor defense. Wherever it has been tried, it has been found to be the solution for local troubles at least. That it has not been made more effective has been due to the lack of co-operation between the clearing houses of various cities in the same section and also to our present laws which affect the collection of checks.

Much of the difficulty will be eliminated by the introduction of a National Reserve Association which will enable clearing centers to transfer funds at a minimum of expense. Another prime necessity is

some sort of uniform legislation in accordance with modern transit needs, an act that will define clearly the rights and obligations of a collecting agent and at the same time establish the status of the bank endorsement on checks, a matter which we hope to discuss at some future date. For our temporal needs, and for all future contingencies, the country clearing house promises the greatest efficiency. Bankers are recommended to read an address which was delivered before the Clearing House Section in New Or-

leans upon this subject. It will be found in the Book of Proceedings, which has been sent to all members. It contains food for thought for all those who are genuinely interested in the solution of transit problems.

It has been proved that this issue cannot be settled upon any individual basis. It remains for the Clearing House organizations to get together in the spirit of co-operation for general welfare, and we cannot expect any real progress until they do.

#### AGRICULTURAL DEVELOPMENT AND EDUCATION.

SEVERAL of the State Bankers Associations are carrying on an active campaign of education for the advancement of improved agricultural methods, better farm life conditions, and federal agricultural demonstration work; a number of the western states now having special committees engaged in promulgating plans toward practical methods in encouraging this industry, not only among the tillers of the soil; but also among the younger element, by the organization of Boys', Corn Clubs, and awarding medals to those who raise the best crops of corn.

At a conference held in Minneapolis in October last, the question was thoroughly discussed and several thousand copies of the proceedings printed and distributed.

The American Bankers Association at its convention in New Orleans in November, unanimously adopted a resolution endorsing the movement and appointed a committee to assist in the extension of the work.

Naturally, this economic question is of such a wide scope—every banker as well as every citizen being interested—that the necessity for the general adoption of modern scientific methods of cultivating the soil is widely recognized, especially as the demand for farm products is far in excess of the supply.

Literature is now being sent out broadcast; and the Committee on Agriculture of the Illinois Bankers Association has recently mailed pamphlets throughout that State containing suggestions offered by Mr. B. F. Harris, President of the Association, and giving the status of the work pertaining thereto. The Association has drafted and presented to Congress the first federal field demonstration bill, and is thought it will result in satisfactory legislation, covering the nation as well as the state. They have also invited a number of prominent educators, who are shortly to meet with the Association's Committee to draft a bill for the securing of agricultural instruction in all the country schools of the state, and which bill will be presented to the Legislature.

The North Dakota Bankers Association is also active in creating sentiment for more comprehensive methods of farming in that section of the country. Secretary W. C. Macfadden has circularized the members, furnishing the gist of a plan of the Better Farming Association of North Dakota, the financing of which was fully explained by Mr. Weiser, President, at a meeting of the Executive Council of the North

Dakota Bankers Association recently held at Grand Forks.

"A sum of \$45,000.00 to \$50,000.00 annually for three years, has been provided for the work of the Better Farming Association; to be used in paying the expenses of providing for Agricultural Advisors in counties in the state which are interested to the extent of raising one-half of the amount necessary for the salary and travelling expenses of such advisors. In other words, The Better Farming Association will furnish an equal amount with any county in the state, up to \$2,500 or \$3,000 to pay the expense of putting a competent Agricultural Advisor in such county, whose duty it shall be to assist farmers in all possible ways in more comprehensive and efficient methods of carrying on the business of farming in such counties. The funds provided for, are sufficient to pay the Association's share of the expense of these Agricultural Advisors but there are certain expenses which are not yet provided for which the banks of the state are asked to assist in raising, such as the salary of the General Manager of the Association, office expenses, postage, printing, etc., etc."

Accompanying the circular is a bulletin issued by The Better Farming Association of North Dakota, setting forth the purpose and work of that Association. Also copy of a circular by Gordon W. Randlett, Secretary-Treasurer of the North Dakota Corn Growers Association giving some valuable information in regard to seed corn.

Just before going to press, we are advised that the full membership of the Committee on Agriculture of the American Bankers Association were accorded a special hearing by the Congressional Committee on Agriculture at Washington, on Friday last, and were invited to appear before the Senate Committee on Agriculture and Forestry. Joseph Chapman, Jr., of Minnesota, chairman, and B. F. Harris of Illinois, of the A. B. A. Committee spoke at the hearing; and ex-Governor Herrick, another member of the Committee, will speak at a later session.

President William Livingstone of Detroit who was in attendance at the meetings, accompanied the Committee of the Association to the White House, for a conference with President Taft. Mr. Taft expressed great interest in the efforts of the committee, and emphasized the fact of his willingness to co-operate with them in their work. Congressman McKinley and Chairman Underwood of the House Committee also gave valuable aid to the visitors, and will do all in their power to advance legislation in the interests of this movement.

# STATE SECRETARIES SECTION



## Officers, 1911-1912.

**PRESIDENT:**  
J. W. HOOPEs, Secretary Texas Bankers Assn., Austin, Tex.  
**FIRST VICE-PRESIDENT:**  
W. C. MACFADDEN, Sec. N. Dak. Bankers Assn., Fargo, N. D.

**SECOND VICE-PRESIDENT:**  
WILLIAM J. HENRY, Sec. N. Y. State Bankers Assn., N.Y.C.  
**SECRETARY-TREASURER:**  
F. M. MAYFIELD, Sec. Tenn. Bankers Assn., Nashville, Tenn.

## CONVENTIONS TO BE HELD IN 1912.

April 4-5 Florida .....Key West  
" 26-27 Louisiana .....Covington  
May 7-9 Texas .....San Antonio  
" 10-11 Oklahoma .....Tulsa  
" 14-15 Arkansas .....Little Rock  
" 17-18 Alabama .....Mobile  
" 21-22 Missouri .....Joplin  
" 23-24 Kansas .....Topeka  
" 23-25 California .....Long Beach  
June 13-14 New York .....Buffalo  
" 14-15 Minnesota (State Agricultural College),  
St. Paul.  
" 17-19 Idaho .....Boise  
" 18-19 Pennsylvania .....Bedford Springs  
" 20-22 Maryland .....Blue Mountain House  
" 20-22 Virginia .....Old Point Comfort  
" 21-22 Oregon .....Portland  
" 21-22 South Carolina .....Charleston  
" 26-27 South Dakota .....Belle Fouche  
" 26-28 North Carolina .....Morehead City  
" 27-29 Washington .....Tacoma-Olympia  
" .....North Dakota .....Jamestown  
July 24-25 Wisconsin .....Milwaukee  
Aug. 21-23 American Institute of Banking, Salt Lake  
City, Utah.  
Sept. 9-14 American Bankers Association, Detroit,  
Mich.

## PROTECTIVE WORK OF STATE BANKERS ASSOCIATIONS.

Wisconsin Bankers Association,  
Office of the Secretary,  
Milwaukee, Wis., Jan. 25, 1912.  
**WARNING NO. 24.**

Look out for smooth swindler, dressed as a "farmer" and splendidly acting the part—cashing fraudulent checks on various Wisconsin and Illinois Banks. Obtained, by fraud, Certificate of Deposit No. 34236, for \$275.00 from First National Bank, Elkhorn, payable to "Geo. Smith." Payment stopped. Refuse payment and notify that bank immediately if presented. Also uses names "Geo. Williams," "J. H. Blakley" et al.

### WARNING NO. 25.

Lookout for swindler claiming to be salesman for "Siberian Coat Co." of N. Y., and cashing checks printed with firm name "Elson & Johner" on left end, drawn on "Second National Bank, New York"—signed in ink by firm "Elson & Johner." No such account. Notify headquarters.

Montana Bankers Association,  
Office of the Secretary,  
Great Falls, Montana, Feb. 6, 1912.  
**BULLETIN NO. 127.**

Bogus printed drafts are being passed at several points in the State, described as follows:  
Drawers, Hale-Landis Company, R. R. Contractors, by Geo. Landis, Treasurer; Drawee, name of bank inserted by rubber stamp; national safety paper used, color green; words "Pay Check" in upper left-hand corner; checks are printed in sheets and perforated; no place of issue given, and dating stamp used; signature, amount and payee written in back-hand; letters "H & L" printed in block type in center. Two checks have appeared, one drawn on First National Bank, Great Falls, for \$50.00 payable to Theo. Coleman, and one drawn on Security National Bank, Minneapolis, for \$150.00.

Party passing checks described as follows:  
Height, 5 ft. 10 in.; eyes, brown; weight, 190 to 200 lbs.; hair, dark; age, 35 years; smooth shaven; build, stout. Slightly pitted on left side of face. Wore dark clothes when last seen. Wire information to this office.

Montana Bankers Association,  
Office of the Secretary,  
Great Falls, Montana, Feb. 12, 1912.  
**BULLETIN NO. 128.**

Forgery.—A party named Antone Alboth has been passing forged checks at Lewistown, Montana. Was employed by J. C. Hosch, tailor, whose name he forged on checks drawn on a local bank. Came to Lewistown from Brainerd, Minnesota. Description as follows:

Nationality, German; age, 45 years; height, 5 ft. 7 in.; weight, 200 lbs.; complexion and eyes, dark; bald. Speaks broken English.

Montana Bankers Association,  
Office of the Secretary,  
Great Falls, Montana, Feb. 12, 1912.

### STOLEN CERTIFICATES OF DEPOSIT.

The following certificates of deposit, issued by the Joliet State Bank, Joliet, Montana, in favor of J. M. Willis, are reported stolen:

No. 775, dated October 20, 1911, amount \$51.00; No. 784, dated November 3, 1911, amount \$50.00; No. 827, dated December 12, 1911, amount \$50.00; No. 854, dated January 5, 1912, amount \$200.00; No. 855, dated January 5, 1912, amount \$200.00; No. 856, dated January 5, 1912, amount \$200.00. Wire information to this office.

North Dakota Bankers Association,  
Office of the Secretary,  
Fargo, North Dakota, Feb. 5, 1912.  
**BULLETIN NO. 129.**

At the recent mid-winter meeting of the Executive Council a resolution was adopted authorizing the discontinuance of the expensive protective work which has been one of the important features of the work of the Association. This work has been costing the

Association from \$1,200.00 to \$1,500.00 per year and it is believed by the Council that this amount of money can be expended more advantageously by the Association. Many members are putting in bank safes and burglar alarm systems that are practically burglar proof. There are a number of manganese bank safes manufactured now that burglars will not, or at least have not attacked and it is a well known fact that the best known burglar alarm systems have, so far, not been opened by burglarious methods, and the Council believes members should consider the best equipment that can be purchased a good investment in the business of banking and in this way make a large part of the protection work unnecessary.

In carrying on an expensive Protective system we were in many cases duplicating work being done by the American Bankers Association through the Burns Detective Agency. Many of our members are also members of the American Association and the Council believes that all banks in the State should carry membership in both the State and American Associations and in this way get the benefit of the work done in both Associations.

Members are requested to continue sending reports of all forgeries, fraudulent checks, and swindling operations that come to their notice, to the Secretary's office and investigations will be made in all important matters, especially such as bear marks of the work of professionals.

A new and important work of the association which was discussed by the Council at the recent meeting was that of protecting our customers in the matter of the sales of stocks and bonds in all sorts of promotion schemes. Unfortunately banks are drawn into many of these schemes and members are again urged to report all promotion schemes coming to their knowledge to the secretary's office and await reports of investigations made before recommending any of such schemes to their customers.

The following have been lost or stolen: Wire secretary's office if presented for payment.

Cashier's Check No. 1306 issued by Foster Co. State Bank, Carrington, N. D., in favor of Jermia J. Compton \$790.00.

Certificate of Deposit No. 1171 issued by First State Bank of Bergen, in favor of Mrs. Lars M. Helstedt \$80.00.

The following has been lost or stolen:  
Demand Certificate No. 957 issued by the Bank of Valley City, in favor of Harry L. Danforth, \$25.00.

#### Ohio Bankers Association.

Office of the Secretary.

Columbus, Ohio, Feb. 20, 1912.

\$50.00 REWARD, Good for One Year.

For the arrest and conviction of a man signing his name as C. H. Culner, and claiming to represent The Excelsior Metal Roofing Company, of Charlotte, N. C., carrying a letter of introduction from that firm which states that they allow Culner to use their checks in an amount not more than \$50.00. This letter is signed by B. M. Beuerly, President, and also contains the Culner signature, which he, Culner, duplicates exactly when endorsing the checks. The checks are signed by The Excelsior Metal Roofing Company, B. M. Beuerly, President, are on the Commercial National Bank of Charlotte, N. C., and are returned from that bank with the notation, "Has no account with us; Don't know party."

Description: About 6 ft. tall, sandy complexion, about 50 years old.

#### WARNING!

A man representing himself to be J. A. Warner, in the employ of the Kellogg Toasted Corn Flakes Co., asked one of the Northern Ohio Banks for a sight draft made on W. K. Kellogg Co., Battle Creek, Mich. He signed the draft, and then took it to a nearby grocer whom he induced to endorse the draft. He returned to the bank and secured the fifty dollars, the amount for which the draft was drawn. The draft was returned unpaid, and protested. The grocer then wrote to the Kellogg Company, and received a telegram stating they had no such person as J. A. Warner in their employ, and that if he had obtained money by representing himself as being in their employ, he should be arrested.

#### Ohio Bankers Association.

Office of the Secretary.

Columbus, Ohio, March 1, 1912.

LOST OR STOLEN!

A certificate of deposit for \$3,150, issued by the Commercial Bank & Savings Co., of Findlay, Ohio, signed by C. B. Biglow, and payable to the order of Dr. D. F. King, endorsed by Dr. King to A. V. King, and by the latter endorsed in blank.

Also, a certified check of Alex. Meis for \$5,000, drawn on the Fifth-Third National Bank, of Cincinnati, dated February 26, 1912, to the order of A. V. King, and endorsed by him in blank.

Wire any information to the Protective Committee.

#### VERMONT STATE BANKERS' ASSOCIATION ANNUAL CONVENTION.

THE Third Annual Convention of this Association was held at Montpelier February 22. President Frederick H. Farrington, Vice-President of the Rutland Savings Bank, Brandon, called the meeting to order in the library hall of the Kellogg-Hubbard Building, and the Rev. J. Edward Wright pronounced the invocation.

An address of welcome was delivered by Andrew J. Sibley, Vice-President of the Capital Savings Bank of Montpelier; Henry E. Field of Rutland, Ex-State Treasurer and President of the Rutland County National Bank, responding to same.

Congressman George W. Prince of Galesburg, a member of the National Monetary Commission, was the principal speaker, his subject being the "National Reserve Association of the United States."

A vote of thanks was extended to Congressman Prince, and he was made an honorary member of the Association.

The following resolution was unanimously adopted:

"Resolved, That it is the opinion of the Vermont State Bankers Association, in convention assembled, that the proposed bill for monetary legislation, presented by the National Monetary Commission to Congress, which has received the unanimous approval of the Executive Council of the American Bankers Association, as well as the approval of the American Bankers Association in convention assembled at New Orleans in November, 1911, embodies in itself the main outline for a satisfactory remedy for the existing deficiency in our banking system, and that we earnestly recommend to the Senate and House of Representatives the adoption and passage of the proposed bill."

It was a matter of deep regret to the Association that Mr. Dickerman, owing to the demands on his time being such, he felt called upon to decline a renomination as Secretary. A unanimous vote of thanks was extended to him for his untiring efforts at all times on behalf of the Association and its interests.

A most enjoyable feature of the convention was a banquet in the evening at the Pavillon Hotel, tendered by the banks of Montpelier.

The officers of the Association elected for the ensuing year are as follows: President, Arthur G. Eaton, Cashier First National Bank, Montpelier; Vice-President, Charles P. Smith, President Burlington Savings Bank, Burlington; Secretary, Clarence S. Webster, Treasurer Barton Savings Bank & Trust Co., Barton; Treasurer, Davis L. Wells, Cashier First National Bank, Orwell.



